

GILBERT SELDES

**YOUR MONEY
AND
YOUR LIFE**

A MANUAL FOR "THE MIDDLE CLASSES"

**"90% of the thinking in America is against
the interests of 90% of the American people."**

\$2.50

Your Money and Your Life

A Manual for "the Middle Classes"

GILBERT SELDES

YOUR MONEY, your property, your freedom, and your peace of mind are the subjects of this book. Mr. Seldes points out that all our possessions and our most cherished liberties are threatened—directly and seriously threatened—not in some other part of the world, not in some abstract future, but right here and now in the United States.

Few of us realize that we have anything personal at stake in decisions on such issues as child labor, the reorganization of the Supreme Court, the exercise of our right of free speech. Not many of us even have clear, definite opinions on such vital current questions. Yet Mr. Seldes shows how our pocketbooks are directly affected by these and many more.

(continued on back flap)

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Your
Money
and
Your
Life

A MANUAL FOR
"THE MIDDLE CLASSES"

By

GILBERT SELDES

New York · London

WHITTLESEY HOUSE

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To Helen and George Seldes

ADVERTISEMENT

The thing you are holding in your hand looks like a book, but it is intended to be a tool. It is meant to be read, but it is also meant to be used. I wish that I could have made it as clear and persuasive and attractive as a good advertising pamphlet so that it could be easily read; I have tried to make it true and balanced—as a good tool is true and balanced—so that it can be easily used. Like a good tool and a good advertisement, it ought to carry a money-back guarantee. I would like to say that if you do not find this book worth two weeks' pay, the publisher will refund the price of the book. Unfortunately that is not practical.

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Your Money and Your Life

*“Nine-tenths of the thinking in America is against
the interests of ninety per cent of the American people.”*

I. *Harsh Necessity*

THIS WHOLE book can be reduced to a few simple statements:

Both your money and your life are being taken away from you; your pocketbook and your peace of mind are being attacked; and the most important and exciting thing for you to do is to defend yourself.

Possibly the hardest thing for me to make clear in this book is that the word "you" actually means *you*—you who are reading these words at this moment—your wife and children, your sisters and your cousins and your aunts. If a pick-pocket took a dollar out of your pocket, you would be irritated or angry or furious or desperate, depending on how many dollars you had left; but you would know without any question that *you* were the victim. Yet if you read that the American people were robbed of \$1,300,000,000, you do not automatically get angry because you do not believe that *you*, as one of 130 million

Americans, have lost \$10. You may think that it is a pity that *they*—the American people—were robbed; but that you yourself are one of the victims does not occur to you. That is the reason why the robbery goes on. And of course you have not lost \$10. According to some reasonable figures, you are probably losing \$1,000 a year.

Some things, less tangible than a five-dollar bill, are no less valuable to us. Next to your pocketbook I put your *peace of mind*, because that seems to me the best general term for certain satisfactions you and I enjoy. Among these satisfactions are working at jobs we like, getting married and bringing up a family (or doing either without the other), choosing our aldermen and President, and saying what we like, or what we dislike, whenever we want to. All of these are threatened.

For 10 million people the first of these—a very important part of the satisfaction of life—has not existed for about eight years. They either work at jobs they do not care for or they don't work at all—and they don't care for that either. As for the right to say what we think, it still exists in theory but it is being chipped away; it is nowhere near so definite and absolute a right as we used to think it was. We are letting it go because we do not see that our right to say what we please has a direct dollar-and-cents value to

us. That is one of the points which I hope to prove.

As the foundations of our prosperity and peace of mind are broken away, we lose the feeling that we are living in the kind of world we want. We have no confidence in the future. As I write this, an astonishing thing is happening: the people of the United States are expecting a boom and they are positively afraid of it. Our world is so chancy that by the time this is printed their fears may be justified.¹

This book does not apply to you if you have an income of more than a million dollars; in those happy circumstances you have another set of worries and probably you can find ample consolations. The nearer your income is to a million dollars, the longer you will continue indifferent—although you will probably raise a loud howl four times a year—on income tax days. With an income of \$50,000, you still can afford to think of other things; but the trouble is closing in on you and you will suffer pretty acutely if the attack on the money and the lives of other people continues.

But everything in this book concerns you —if you are a member of one of the 27 million families in America who earn less than \$15,000

¹Even sooner. The reaction to the 1937 boom came while proofs on these pages were being read.

- a year¹—if your earnings are counted, like most of ours, not by the year, but by the week;
- if getting a raise of \$5 or \$10 means a great deal to you;
 - if you have a mortgage to pay or only a couple of thousand dollars saved against accident, illness, and old age;
 - if in a desperate emergency you would not know where to turn to find \$1,000 which might save the one life closest to you;
 - if you go on from day to day never having quite enough money, always broke or a little short;
 - if you manage with luck to keep up all the installments you are paying, but cannot see how on earth you will send your boy to an engineering school;
 - if another \$20, or \$30 or \$50 a week would mean freedom from worry and great enjoyment of life.

If, in short, you work for a living and are in the condition of the great majority of Americans, you are directly concerned in the steady drain on your income and in the gradual loss of freedom (which

¹ In 1929 there were only 324,000 who earned more—that is, only 12 in a thousand.

means the chance to increase your income) about which I am writing.

The power to defend yourself lies in your hands; in fact it passes through your hands every time you buy a motor car or a loaf of bread. It is spending power, the one force which can destroy bankers and politicians, industrialists and demagogues.

Therefore, your interest is to make sure that your spending power is not taken away from you. More than that, your interest lies in the steady growth of the spending class. Whatever limits spending power to the few is against your interest; whatever distributes spending power to the many is in your favor.

You can divide people off into many classifications—by their complexions, by their occupations, by the nationality of their grandparents, by what they do in their leisure time. But there is one way which no scientist has ever used. That is dividing people off by the amount of small change they carry in their pockets or even by what they consider small change. There are people who have little banks into which they put all the loose pennies left in their pockets when they come home at night. There are others who salt away all their dimes; but I do not

myself know anyone who is indifferent to larger coins.

Another way of making this division is to ask what you would do in an emergency. Take a simple instance. You are wearing a new suit or dress, and a nasty rainstorm suddenly comes up when you are half a mile from home. Some people, without a moment's hesitation, would get into a taxi, some would take a ten-cent bus, and some, who had expected to walk home, would be a little desperate because they had to take a streetcar. Take a graver emergency; on how much could you count if an expensive operation had to be performed? Could you put up, could you even borrow, \$100 or \$500? Or, in the general run of your life, how much money can you spend for a car or a vacation or a year at college without thinking about it three months in advance and suffering from it half a year later? The satisfaction we get out of life depends on many things and one of them is the answer to these questions.

If your answer is anywhere near the average, you are being deprived of a lot of comfort and your peace of mind is constantly being attacked because you have not made the slightest effort to protect yourself.

For several generations we have placed our fate in the hands of a few masterful men and tied

our fortunes to the fortunes of a small enterprising and wealthy class. There was a reason for this. But the circumstances of our lives have altered, and we have to change with them. The time has gone when the prosperity of the middle class seeped down from the wealth of the upper class and was based on the poverty of millions. The prime fact about our industrial system is that it *requires* a vast and constantly growing *number*¹ of buyers—and the prime fact of our social system is that it has *prevented* the number of buyers from reaching the required level.

The uneasiness of the middle class rises from this maladjustment between the requirements of industry and the structure of society. That accounts for our sudden plunges into Utopian hopes and our angry rushes into vigilantism—both of which defeat our purposes. We are so accustomed to guidance from above that we have failed to think through our own problems and to discover where our own interests ultimately must take us.

I call this book a manual for the “middle class” and I have used the quotation marks because neither you nor I feel that we are middle class—we don’t feel classes at all. We *are* in the middle *income* class. We are neither the poorest nor the richest, and it is easier to call ourselves the “middle class” in quotation marks than to explain

¹ The number of buyers is more important than total buying power—see pp. 206–208.

over and over again that, like a vast number of other Americans, we have a little money left after we have paid for food and rent and clothing, but we have not enough to buy all the comforts and luxuries we would like. In some parts of the country we live in this condition, better than poverty and not so good as a comfortable income, on \$50 a week; in other parts of the country it may take \$100 a week. A lot depends on the general level of expenses around us—the things we want are often the things which our neighbors have. But the dollar income is not so important. The important thing is what our dollars get for us in satisfaction and security.

The reason for making all this so direct and personal is that this book arrives very quickly at a conclusion which—at first sight—will seem remarkably disagreeable. It is this: **Unless we—you and I—pay as much attention to public affairs as we do to our private affairs, the time is swiftly coming when our private affairs will cease to exist.**

Ever since Walter Pitkin wrote *Life Begins at Forty*, you have been encouraged by dozens of writers and speakers to get to work on yourself, to wake up and live (alone or not as the case may be), to outwit your nerves or be glad you're neurotic, to develop your own personality, to make friends, to study your character and find

out how your glands regulate your personality; you have taken mental exercises and studied psychological charts. Quite apart from these enterprises, 100,000 commercial products have been offered to you as ways and means of making yourself more attractive—or less offensive—to other people, so that using the right fork or the right lipstick or the right soap or safety razor becomes a kind of guarantee of your personal success in life. Every single one of these things was directed at you as a private individual; every one led you to think that if you troubled to undergo certain disciplines, if you followed certain maxims and took certain exercises and bought and used certain commodities, the world at large would give you ample opportunity to prosper and be happy. Not one of these sermons emphasized the simple fact that, in addition to being a private man or woman, you are a citizen; none of them faced the one essential fact of life today, which is that you may wake and live and discipline and exercise and improve yourself until you are almost unbearably perfect, and there will still be no chance in the world for you because the world for which you have been preparing yourself has been destroyed.

In many of the nations of the earth today there is no place for the individual who has perfected himself, because the state happens not to want

highly developed individuals. In every country in the world the private man is being checked; in every country the questions of public policy have become so urgent that unless they are solved, there will be simply no room for personal satisfactions. *To encourage the private life at a time like this and neglect the general interest is like selling your stock in General Motors in order to invest in a buggy factory.*

- In other terms, you will not get a better job;
- you may have no job at all;
- you will not play bridge or baseball when you want to;
- you will not see the kind of movies or hear the kind of radio programs you like;
- you will not go to the church of your own persuasion;
- you will not get a jury trial if you are accused of crime;
- you will not spend your money on what you please—no matter how attractive your personality may be
- unless you see to it that the things you want done are done and the things you do not want done are not done.*

In practice this means that we have to think. That is the harsh necessity, the disagreeable con-

clusion I mentioned above. There are compensations. Confused the world may be and full of dangers, but it is in one of the few great exciting and absorbing eras of recorded history; the more we know about it, the more our excitement mounts; the more we think about it, the more we see how directly *our money and our lives are the stakes for which the great political game is being played*. And there is another reason for thinking now: we may be uneasy about the future, but we are not in a panic about the present; if we think calmly now, we will be spared the discomfort of having to think hysterically later on. If we think straight enough, we may even avoid the desperate condition when to think at all becomes a crime against the state.

I shall start by explaining why concentrated thinking about public affairs is so desperately urgent now. I shall then try to point out those groups which deliberately prevent us from thinking about our own—the general—welfare.

I think I can demonstrate directly the connection between the Bill of Rights (on which our private liberties are based) and our wages and salaries. I propose to name the principal topics which have a bearing on our comfort in life and I will try to establish the simple connections between Detroit and the Ozarks, between the traffic manager of a department store and a share-

cropper, between a stenographer in the office of a steel mill and a farmer's wife, between a foreman in a flour mill and a sweatshop worker, between a middle-aged plasterer and a college boy at his first night club, between Madame Chairman of a woman's club and an organizer for the C. I. O., between the dust bowl and the dinner you will eat tonight. All of this, I hope, will be simple, matter-of-fact, and practical.

To me there is an almost desperate excitement in getting at the meaning of events which make our own time so perilous and fateful. I have a larger stake in the doings of Congress than in the scandals of Hollywood; and Congress interests me more just because my interests—my business interests—are involved. (I might also say that I like the movies and do not want Congress ever to have the power to destroy Hollywood.) However, it has been my job for twenty years to observe public affairs, so this interest of mine does me no particular credit. I am putting *your* interests largely on a dollar-and-cent basis because moral exhortations about public duty usually end by frightening people away. And yet I must add that one of the real pleasures of life comes from looking at facts, finding out their meaning, and acting upon them. In saying this I am only putting into rather common and tasteless words one of the most noble sentiments ever

uttered by an intelligent, thoughtful, and highly practical man. "The contemplation of things as they are," said Francis Bacon, "without substitution or imposture, without error or confusion, is in itself a nobler thing than a whole harvest of inventions."

II. *Thinking from Above*

BY FAR the most important reason for thinking about public affairs is that a vast amount of thinking goes on all the time and most of it is done by your enemies. **Nine-tenths of the thinking in America is against the interests of 90 per cent of the American people.**

This thinking against your interests is done in two places—at the top of the income ladder, experts are employed to think; and at the bottom the victims think for themselves (with the help of Karl Marx).

Imagine a corporation manufacturing artificial pine trees. It has its factories, its offices, 100,000 loyal employees, the best chemists and the best advertising men available, and is altogether a highly successful enterprise. It hires experts to prove that the natural pine tree is a menace to the countryside, infested with dangerous insects, not doing its share to prevent floods or soil ero-

sion. It hires a lobbyist to see that a bill is presented in Congress for the uprooting of all natural pine and the substitution of elm or oak. A publicity man starts a rumor that Vermont, in a fit of embarrassment, will remove the pine tree from the great seal of the state. He bribes professors in the state-supported agricultural colleges to write books and deliver lectures against the natural pine. The president of the company has some stock in twenty newspapers scattered throughout the country; to them he supplies not only paper pulp made of his own product, but canned editorials and feature stories written by highly expert newspaper men, and these create the impression that the patriotic duty of every reader is to go out and hack down as many pine trees as possible. Other specialists think up a thousand other ways to further the interests of artificial pine.

All of this does not pass without opposition. The owners of great pine forests do not take it lying down. They also hire chemists and arborologists and newspaper men and financial advisers; they also communicate delicately with college professors and newspaper editors; they also manage to get people to think for them.

Is that a little too fantastic? Substitute for artificial pine trees the names of commodities which are more familiar—public utilities, steel,

munitions—and the fantasy actually lags behind the facts. What I have been describing is of course propaganda, but the thinking that goes on for the benefit of a very small number does not always end in propaganda. The thinkers sometimes do not have to persuade the great mass of citizens. They can create a kind of atmosphere in which a few hundred effective Congressmen believe everything that is said to them.

The great corporations are rich enough to employ the best chemists, the best mathematicians, the best economists, the best publicity men—and many of these are entirely honest, many of them firmly believe that the interests they serve are absolutely identical with the interests of the American people as a whole. Sometimes this is even true. But the fact is that they are engaged to think for special private interests and against other interests. A few years ago the makers of builders' supplies planned a campaign which was virtually an attack on the motor-car industry. There was the famous campaign of cigarettes against candy. There is a permanent campaign of the cosmetic industry against ordinary soap and water. There is a campaign of the railroads against buses and trucks.

All of these, we say, are the inevitable and perhaps desirable results of competition. Why

shouldn't cigarette makers try to get some of the money spent on chocolates or the railroads some of the money spent on hauling by truck? If you are going to prevent this you might as well have a dictatorship with a five-year plan, right off the bat.

I am not proposing to put an end to competition. I mention all these examples because they are obvious and striking instances of thinking in favor of separate interests without any particular regard for the general interest. There are, of course, others, dishonest and contemptible, as when makers of patent medicines advertise a remedy which makes worse the disease it is supposed to cure. But in even the honorable instances, does any one imagine that "the cigarette people," attacking "the candy people," ever really considered the welfare of the American people? Did they search out independent and impartial evidence on the benefits to the nation as a whole of cigarettes as compared to bonbons? Did the railroads worry about the public or about their own stockholders? Did they wonder what would happen to you if their campaign was so successful that the sale of motor cars and trucks dropped five million? In the end *you* would be the person most affected. Did anyone think of you?

Did you by any chance think for yourself?

Our state legislatures and Congress are supposed to balance the interests of various groups and to work for the greatest good of the greatest number. Assuming that Congressmen are all irreproachably honest, we can still wonder whether they can judge of the greatest good *when the greatest number never participate in the business of making their desires felt.* For instance:

In recent years many state legislatures have been asked to limit the number of chain stores or to clap down heavy taxes upon them. The owners of chain stores and groups representing independent small stores have had their lobbies and their deputations at state capitals. Nothing has been more inspiring than the self-sacrifice of these groups—unless it was the agility of their hired economists. Except for a few consumers' groups, no representatives of the customer in the stores have been heard; and even the consumers' groups have often been influenced deliberately or indirectly by the chains or by the independents. The legislators have been between two pressures—and they are supposed to represent neither, but to legislate for the welfare of the immeasurably greater group which has not brought any pressure at all.

The cost of living is directly touched by the relation between chains and private stores. How

many times in the past five years have *you* given thought to the problem, and if you have given thought to it, *how many times have you taken action?*

When you buy a box of pills or a bottle of hand lotion which does not do its job, you are being robbed of every cent you have paid. For many years we have had laws against misrepresentation, misbranding and downright fraud in connection with medicines, cosmetics, food, and drugs, yet the best one can get at present seems to be a law which will prevent a manufacturer from making false claims on his labels but will not prevent him from making extravagant assertions in his advertising. (How many labels do you read carefully, after you buy an advertised article?) Every time a new law is proposed, manufacturers point out to newspapers and magazines that advertisements of drugs and cosmetics are a tremendous source of revenue. Druggists who make more money out of prescriptions than they do out of selling proprietary medicines, and doctors who lose fees when you buy a drug without consulting them, are earnestly on the opposite side. Both pretend to be working for the general welfare. The druggist and doctor are preserving our health; the manufacturer of drugs is giving the poor man a chance to cure himself at a low price. Each of these groups has its publicists,

its hired thinkers. Your health—possibly your life—may at some moment depend on the proper legislation. *How often have you thought of the bills in Congress and what have you done about them?*

We are a great industrial nation and I have taken examples from industry. These examples have shown that there is usually a private interest pretending to be the same as the general welfare. This private interest can appeal to morals, patriotism, and noble ethical ideals. The building interests can invoke the sanctity of the American home, the motoring interests bring in the beauty of American scenery; the embattled druggists can call on the ethics of high professional standards; and the most corrupt patent medicine vendors can appeal to the sacred principle of rugged individualism. "Men always believe," said Julius Caesar, "what it is to their advantage to believe." The moment comes in the life of every propagandist when he begins to hear his own voice and to take it for the voice of God. That is the time for other people to stop their ears.

It is much harder for us to see that the publicists of ideals also represent private interests. We assume that those who are out to destroy the profit system, or demand a redistribution of wealth, would gain by the change. But when an economist writes a defense of the gold standard,

or a statesman takes up a special position in regard to neutrality, or an editor demands changes in the tax laws, or a corporation takes a full-page advertisement to denounce its strikers, or a foundation analyzes the social security laws, or a doctor protests against the public health service—they also represent special interests. You may take this as a rule of thumb: **the more remote and idealistic their arguments may be, the more certain it is that we are getting special pleading.**

A long time ago Bernard Shaw suggested that every time a man wrote on a controversial subject he ought to put down the exact amount he received for writing.¹ But far more important than the amount paid for the publication of an idea is the amount of money invested in that idea.

All through the Hoover Administration the United States officially attached a certain value to an ounce of gold and one of the great arguments against the election of President Roosevelt was that he might change that value. In other words, the voter was asked to choose between the gold standard and some method of inflation. Actually the country had gone through a serious deflation in the first three years of the depression and the question was whether this should con-

¹ It is not a bad idea. I am getting \$500 in advance for writing this book, against royalties of about thirty cents for every copy sold.

tinue or be checked or be remedied. To-day we have the situation in reverse. The current question is whether inflation has not yet proceeded far enough, or should be checked, or should be remedied. On these questions the average citizen has neither information nor experience. The easiest thing in the world, then, is to announce profound moral principles on either side. One simple fact is not emphasized: *that inflation brings advantages to certain people and that deflation brings advantages to other people.*

If you get a fixed income of \$100 a week, it is to your advantage to have \$100 buy as much as possible; deflation is your friend. If your income is not fixed but variable, a certain amount of inflation may be to your advantage: the increase in your income may be greater than the increase in price of the things you buy with it.

Private interests are everywhere. Even the enlightened liberal manufacturer who fights for the child-labor amendment may be furthering his private ends. Because if he operates in a state which forbids child labor, he wants to prevent his competitors from enjoying what he must renounce.

There is a private interest in favor of monopolies, we all know; there is also a private interest in destroying monopolies. Even in such a seemingly abstract problem as the size of the

Supreme Court there were private interests on both sides.

Those who favored the enlargement of the Supreme Court hoped for a more rapid acceptance of a certain number of laws; and while some of these laws were quite clearly in favor of the mass of citizens, they also tended to give advantages to groups which had been denied advantages in the past. The group of organized labor was one. The opponents of change in the Supreme Court hoped for a continued obstacle to the second part of Mr. Roosevelt's New Deal and for the perpetuation of advantages they had had. The private owners of public utilities were one of these groups.

The big fundamental principles announced on both sides were honestly held. There were people who believed that the Supreme Court had usurped authority and was becoming a dictatorial super-legislative body. There were others who believed that the Supreme Court was the only check to dictatorship and the only protector of the law upon which democracy must rest. Yet even these general ideas betrayed private interests.

If the Supreme Court at any time reflects the social thinking of ten or fifteen years ago it tends to protect the interests which were dominant ten or fifteen years ago. If the Supreme Court reflects social conditions of today, it will tend to protect today's interests as opposed to those

of the past. The argument *against* the Supreme Court of 1937 was that the laws of the Roosevelt Administration were being tested by the Supreme Court of Taft, Harding, and Coolidge; the argument *for* the Supreme Court of 1937 was that the Court of Taft and Harding and Coolidge represented the permanent—as opposed to the temporary—desires and interests of the American people. It is to the advantage of the highly individualistic capitalist employer to continue the Court of 1920 and it is to the advantage of an aggressive radical labor leader to destroy that Court. Here are two organized groups, each hiding a private advantage, neither primarily concerned with the general good.

The thinking done at the top is thorough, substantial, respectable, and hidden. It is hidden because we do not know the financial connections of the thinkers and of their employers. It astonishes us to learn that a French newspaper, supposedly devoted to the interests of the French people, was regularly taking money from several foreign governments; or that another was virtually the property of the great metals and munitions industry. We see no such “influences” at home.

Organs of publicity in the United States are comparatively free of foreign influence, but they

succumb to industrial and financial pressure. Often it is not necessary for the pressure to be applied. The newspapers and the movies and the radio are, or think they are, tied up with the people who are dominant at any particular time. Certainly the newspapers of America have on many occasions broken away from their political affiliations and supported men and measures independently. Certainly they have the general welfare at heart. But they still tend to identify the general welfare with the welfare of the well-to-do.

To the hasty radical this emphasis on group or class interest will sound like an abdication to the doctrines of Karl Marx. Actually, the creators of the Constitution of the United States, without the benefit of Marx's phraseology, were entirely candid about the interests they represented. James Madison wanted to "protect the opulent minority against the majority." Alexander Hamilton was what we would now call a corporation lawyer. John Adams said that "power always follows property." Jefferson spoke for the small landowner and was opposed to the commercial and industrial interests of New England and New York. There were others more radical than Jefferson who would have been happy to repudiate the national debt and establish Utopia, but they did not get their ideas into the Con-

stitution. The nearest they got were the opening phrases of the Declaration of Independence.

In the past twenty years we have learned a great deal about the economic interests behind the Constitution and there has been a general feeling that if you recognize the economic interest, you somehow belittle the Constitution itself. Yet, there is an economic interest behind the constitution of Soviet Russia, or of Utopia.

What remains for us to discover is the economic interest behind every proposal either to alter the laws and liberties of our country or to prevent them from being altered.

That will do for a beginning. In the end we shall have to come to it that the whole atmosphere of our thoughts is carrying propaganda—unseen as the sounds of broadcasting on the air waves. Much of it is favorable to us, a great deal is not. Of the part that is not we have to learn to be suspicious—*in self-protection*. That part uses the most sacred words, the highest ideals—and appeals to everything instinctive and irrational in us.

Perhaps it will help us if we remember that for nearly five years the most aggressive “defenders” of Americanism were the members of the Ku Klux Klan and that today the followers of Thomas Jefferson are almost certain to be called dangerous agitators, alien to the spirit of America and hostile to its ideals.

WHAT DO YOU THINK?

You never know how good a razor blade is until you have shaved with it; or, if you are a woman, you never know how well a silk stocking wears until you have worn it. Things are proved by using them. The writer of this book feels that it has not proved itself of any value until you have used it. At the end of several of the chapters, pages like this are provided for you to write on. It might amuse you to compare your marks with marks made by some of your friends on the same page.

Yes No

Do you ever feel that *you* are foremost in the thoughts of the industrial and political leaders of the country?

Do you recognize propaganda? Do you resist?

Do you feel that Congressmen from other states than your own ever consider you—or the general interest?

Have you ever taken time to think and act on the problem of the chain store? Or pure foods?

Do you know which of your friends have a direct interest in deflation? Inflation?

Can you identify your own private interest behind your attitude on public questions?

Are you impressed by the "thinking at the top"?

WHAT TO DO:

Write to the clerk of your state legislature for a list of registered lobbyists.

If no such list is available, because lobbyists are not registered, see that a law requiring registration is passed at the next session. (For methods of applying pressure, consult pages 303 to 323.)

An *Institute of Propaganda Analysis* is announced as this book goes to press. Its address is 132 Morningside Drive, New York City. Write to discover how you may receive its publications or reports.

III. *Thinking from Below*

AT THIS point I leave the thinking at the top and proceed to the other extreme, the thinking at the bottom of the income scale. The motto, "never despise your enemies," is nowhere more important than here. Our social and industrial system is in peril of breaking down and another tragic recurrence of boom and smash may ruin it altogether. And the only people who have for years warned us of our peril have been the radical enemies of the American system of society.

As far as our own prosperity is concerned, we should have done much better to listen to the criticism and prophecies of "alien agitators" and "filthy Communists" than to the praise and prophecies of those who told us that everything was perfect and that we had achieved in America the miracle of permanent prosperity, while one-sixth of our families (not among the depressed farmers) tried to feed five people on seven dollars

a week, and while only thirty-eight of every hundred of us lived on an adequate diet, and while the vast majority of workers did not earn enough to buy what the industry of America produced. There were a few sour notes in the symphony of success between 1922 and 1929, but the only sustained and rounded criticism of our boom times came from those who took an actual pleasure in prophesying the crash. Unfortunately they tied the Communist state of the future to their criticism of the capitalist state of today. We are not obliged to make the same connection. But by this time we should have learned not to make the fatal error of not listening to what they say because we don't like their looks.

For a generation at least we could afford to laugh at their prophecies of disaster. For the past five years, when they have had the laugh on us, we have attempted to drown them out with patriotic cries of "dirty Communist." It is my firm belief that there is very little connection between the Communist analysis of our present situation and the Communist prophecy of a Soviet state in America. The first is based largely on fact, slightly colored by prejudice; the idea that the United States must become a Communist nation is based on an outmoded philosophy colored by wish-fulfillment. If we have any faith at all in America, we have to reject Com-

munism for America, but we cannot reject the Communist criticism of America. It is unpleasant, but it is tonic.

However, my major point at this moment is not the right- or wrong-headedness of Communist propaganda. It is the fact that a small body of men, not only Communists, but all sorts of radicals who do not believe in the democratic-capitalist system, are thinking, patiently or angrily, but always thinking about public affairs. Moreover, they provide millions of people with catchwords, the framework of ideas, slogans, and arguments which are particularly effective because these millions have become the victims of our mistakes. *For seven years we have not made good on the unwritten but specific promise that any man who wanted a job could get a job.* Between 1931 and 1935 there were some ten million such men and women. The radical thinker has supplied to them a whole armory of ideas, an armory which began to be stocked in 1848 when Marx and Engels wrote the *Communist Manifesto*, and which was brought up to date with astoundingly effective weapons when Nikolai Lenin proceeded to establish the Socialist state.

Now, you can brush aside the Communist argument because you do not like the prospect of a Communist America; but the man on the breadline accepts the Communist criticism be-

cause he, who is waiting for a handout, is the desperate proof that something has gone wrong.¹ The remarkable thing is that so many men in that position have not taken the next step and accepted the Communist prophecy as well.

Hunger sharpens the wits and desperate men cannot be blamed for being destructive. I make the point that *it is not good for a nation to have a great deal of its thinking done by the victims of an economic disaster*, especially when the rest of the thinking is being done by those who are deliberately out to take an unfair advantage of the system under which we live.

If the promises of statesmen, politicians, and prophets of America are to be taken seriously, *you* should be the principal beneficiary of the American social system—that is, you as the man with a fairly permanent job or a good profession, some kind of property, some kind of savings or investments. Our laws and our politics and the way we manufacture and sell goods are all parts of a vast insurance policy on which you are paying premiums. You, therefore, should be the one

¹ "Breadline" and "handout" are the quaint phrases of 1930-1932. Since then we have somehow evolved the myth of millions reveling on luxurious relief. Men and women on relief are as powerful a demonstration of the flaw in our economic system as the breadline ever was. They are not happy parasites; and they are still vulnerable to Communist argument.

to watch over your investment: you—not people who would like to speculate with your money or who have been shut out of their share of the dividends.

We can defeat the thinking of radicals only by thinking more steadily and clearly ourselves, and by facing actualities with less prejudice. The first thing to recognize is the fact that our system has not worked perfectly; a vast number of people have not had their share of the good things of life in America. The second thing to keep constantly in mind is that your prosperity is permanently tied, in one way or another, to the fate of the underpaid. It is tied also to the fate of the very rich; but the new factor is that the great industries cannot continue to prosper if they leave millions of people without the power to buy.

The people who make motor cars, packaged foods, ready-made clothes, drugs, and cosmetics, all know this. The obstacle in the way of a real distribution of income is the old mental habit, to which financiers desperately stick, of believing that money can be safely handled by only the few. It matters very little to bankers whether they lend \$5,000 to each of ten individuals or \$50,000 to one individual. But it matters desperately to the manufacturer of motor cars or radios whether one or ten people have \$50,000 to spend. And what matters to the manufacturer matters to you.

The knowledge that our system needs improvement, that industry will never be on a sound basis unless millions more people become customers, and that the man in the middle of the income scale must protect himself by fighting for a better distribution of income—that knowledge is the first step in fighting off the harsh attacks of those who despair of reforming the system and would like to destroy it altogether.

It is also the first step in protective thinking.

At the top there are men who would gladly solve the problem of poverty in the United States by making the worker a slave and giving him the rations of a slave; at the bottom there are those who would solve the problem by making the worker the master and giving him the power of a master, although they cannot promise him the luxury of the master's standard of living. In between are those who think that the worker is entitled to be a citizen and must have a reasonable confidence in his future, including his old age, and a reasonable share in the increasing advantages of life. The other solutions are more dramatic and spectacular. Either might be preferable except for one thing—that they both destroy liberty. It might also be mentioned that, so far, there is no proof that either one can create a great prosperity.

We can begin to meet the force of radical criticism as soon as we recognize the defects of our

present system. Not before. Until we see that our hope of a comfortable life cannot tolerate monopoly on one side and poverty on the other, we are helpless, because our thinking is not so clear as the thinking of our enemies.

As I have said, this is really divided into two parts, a critical analysis of our present system and a faith that inevitably we must proceed to a system based on the destruction of private property. It is easy to see that the two things do not necessarily hang together. In Karl Marx you can find a description of the depression of the 1930's so accurate in its general outlines that it might have been written today instead of seventy years ago. That is because Marx discerned certain weaknesses of the capitalist system and was able to foretell their results. But in Karl Marx you will also discover the basic theory that capitalism carries within it the seeds of its own destruction and that capitalism must produce Communism, just as the feudal system produced capitalism. Now the fact is that Czarist Russia could hardly be called a capitalist country in the modern sense. It was a feudal country. One of the great distinguishing marks of a capitalist society nowadays is the existence of a large middle class and a vast dependence on industry. Russia was not heavily industrialist and its middle class was comparatively small. Communism, therefore, was

produced in the modern world not by capitalism, which had outgrown itself, but by a feudalism which had never accepted capitalism at all.

The thinking of radicals always has this dramatic contrast between opposites, because their theory compels them to exclude the middle state. They say that we are now living under a dictatorship of the capitalists and that we must proceed without any intermediate step to dictatorship by the proletariat. That is what they want and that is what they are working for.

A proletarian is fundamentally a man without property and with no means of supporting himself except his labor. Usually he cannot sell his labor at his own price and has to accept the price which the man of property wants to pay. If the proletarian earns enough money to buy a bungalow with a back yard, he stops being a proletarian. He becomes a bourgeois. If the American system of manufacturing and selling things can progressively increase the number of those who have property, it will eliminate the proletarian class. It will at the same time increase the middle class. It will not guarantee equal incomes to all men and not even equal incomes to all men doing the same job, but it will prevent the stratification of society into several hostile classes.

The Communist principle is that the American system cannot last long. The basis of that criticism is the belief in fatality. We are doomed, according to this theory, to greater and greater concentration of wealth and power in fewer and fewer hands. When an American ambassador, a comparatively conservative gentleman himself, announces that some sixty individuals control the financial and industrial business of the country, he goes far in support of the Communist criticism. But proof is still lacking that the tendency cannot be reversed. It is lacking because the middle income class has never made the attempt.

Another item in the radical criticism of our social system is that the middle class no longer has the energy to save itself. Apparently it has only energy enough to hand over its destinies to a Fascist dictatorship. Here one encounters a vast body of literature proving that the common man is a rather loathsome specimen. Either as a Puritan or as a libertine; either as a fanatic about sport or as a physical weakling; either as a dilettante in the fine arts or a passive patron of the movies and the radio. Nothing he does—nothing his wife does—is considered worthy. The mind of the middle class is flabby or corrupt and its capacity for action has vanished. No good can come out of Middletown.

I believe this indictment is grotesque, but I should make the same error against which I have warned you if I did not recognize the elements of truth in it. Again the criticism may be right and the prophecy may be wrong. The reason may be that for generations the middle class has lived a fairly assured, fairly comfortable life and surrendered its destiny to the more energetic freebooters of society. **But never since it overthrew the feudal system, has the middle class been conscious that it has to fight for its life.**

Consider a few examples. Teaching in the public schools used to be a safe middle-class occupation. It was never highly paid, but the vacations were pleasant and, with good behavior, the job was permanent. Schoolteachers met in summer conventions and discussed unimportant details of methods, new equipment, and other trifles. But when Chicago failed month after month to pay salaries to its schoolteachers, the amount of vigorous social thinking generated in the schools of Chicago was incalculable. All over the country today there are organizations of teachers acutely aware of the fact that they have to protect their position in life and their professional integrity, their right to teach, and their opportunity to teach. They have become a force with which superintendents and boards of education have to reckon.

Doctors rank high among the middle-class professions. They soaked the rich when they could and made the balance true by unsparing and underpaid attention to the poor. Their chief enemy was the vendor of home remedies. Now they face half a dozen kinds of socialized medicine. They are compelled to think of their relation to society as a whole.

Bankers and brokers dealt largely with the upper income groups and considered themselves safe because they were on the side of the powerful. New laws curtailed their freedom and they have to find new ways of being useful to society as a whole in order to survive.

Farmers discovered that fewer and fewer of them were owning their farms, that their incomes continued to dwindle, and that while industry flourished in the boom after 1921 the farmer was preparing the ground for the crash of 1929. They took up their pitchforks, they rioted to prevent foreclosure of mortgages—and they got the bounties of the AAA and of the Soil Conservation Act.

Clerks, newspaper men, mechanics in the Hollywood studios took the first steps to protect themselves. A group of distinguished lawyers was formed to liberalize the processes of law, so that the profession should not fall into permanent disrepute.

Most spectacular of all was the organization of workers in the mass industries under the leadership of John L. Lewis. By conservatives this organization was considered terribly radical, but the purpose of these workers was in effect to gain a foothold in the middle class. It is the technique of all radical parties to fish in troubled waters, but even "outside agitators" did not persuade the man in steel and iron and motors to their point of view. *The organized laborer does not want to destroy the profit system, he wants to profit by it.*

Nevertheless, none of these phenomena should blind us to the fact that the middle-class American has grown accustomed to being shoved around; he seems at times to be deliberately sticking out his chin for someone to sock. He has lost a good deal of his capacity to rebel and has been persuaded that this makes him a good citizen. He salutes the name of Thomas Jefferson, but he hardly believes that Jefferson was serious when he said: "God forbid that we should ever be twenty years without such a rebellion" as that of the "desperate radical" Daniel Shays. He is accustomed to having things put over on him and admires and envies the man who gyps him. He is an appalling sucker. In a word, he is fat and out of training. For years he hasn't had anything to do except enjoy life. He is ripe for any demagogue. But he still has a vast power

—and the moment he discovers that he is in danger, he may fight for his own—and surprise the prophets of his doom.

In the next chapter there is a brief sketch of the dominant position of the middle class and of the threats to its power.

WHAT DO YOU THINK?

- | | Yes | No |
|---|--------------------------|--------------------------|
| Are you worried by radical criticism of our present situation? | <input type="checkbox"/> | <input type="checkbox"/> |
| Do you consider the criticism—or merely “its source”? | <input type="checkbox"/> | <input type="checkbox"/> |
| Can you separate the Communist analysis of our troubles from the Communist panacea for them? | <input type="checkbox"/> | <input type="checkbox"/> |
| Have you more to gain by correcting errors and abuses than the average radical critic has? | <input type="checkbox"/> | <input type="checkbox"/> |
| Is your prosperity tied to the fate of the underpaid? | <input type="checkbox"/> | <input type="checkbox"/> |
| Do you think the manual worker should be a slave (Fascism), a master (Communism), or a citizen (Democracy)? | <input type="checkbox"/> | <input type="checkbox"/> |
| Are your friends in the professions beginning to be aware of dangers and difficulties? | <input type="checkbox"/> | <input type="checkbox"/> |
| Do you believe Jefferson meant what he said about a rebellion every twenty years? | <input type="checkbox"/> | <input type="checkbox"/> |
| Are you being shoved around? | <input type="checkbox"/> | <input type="checkbox"/> |

WHAT TO DO:

Find the nearest Communist group and get yourself invited to one of its open meetings.

Find the nearest “white-collar” group and discover whether it is being led (or subsidized) by (a) Communists or (b) plutocrats.

IV. *The Great Barrier*

A FEW years ago Mr. J. P. Morgan estimated that 30 million families in the United States were in the leisure class because each of them employed one maid. It was a flattering error. There are only 3 million women employed in all types of domestic service in the United States. If employing a maid were the sign of middle-class comfort, very few of us could pretend to have it.

There is another statement directly about the middle class, a statement far more important because it is made by an enemy. Mr. Max Eastman has translated it from the Russian of Leon Trotsky and I shall translate it from the Marxist of Max Eastman. Owing to the weakness of the Russian middle class, the destruction of the monarchy and the liberation of the peasants could be accomplished only by a dictatorship which claimed to represent the mass of factory workers. In the original this reads: "Owing to

the insignificance of the Russian bourgeoisie, the democratic tasks of backward Russia—such as liquidation of the monarchy and the semifeudal slavery of the peasants—could be achieved only through a dictatorship of the proletariat.”¹ Let us make a parallel statement: Owing to the ice on the pavement, the man slipped and broke his neck. It is conceivable that the man might have slipped in the middle of summer on a banana peel; he might have broken his neck by falling from a third-story window; but as the sentence stands, we can come to this conclusion: if there had been no ice, the man would not have slipped and broken his neck—not at that time, not in such a way as to lead to his death. And to go back to Trotsky, if the middle class in Russia had not been feeble and insignificant, the monarchy might have been dissolved and the peasants set free without a dictatorship of the proletariat. We know what Trotsky is thinking about. The first revolution against the Czar, the Court, and the bureaucrats, put in power representatives of the middle class, notably Kerensky. The weakness of these rulers, and of the class they represented, was the opportunity for the Bolsheviks.

¹ I make no criticism of Mr. Eastman's clear and easy rendering of Trotsky's phrases. But all Communist argument uses a set of terms which have a sacred significance and need to be reduced to common American language.

You come to a quick conclusion. A powerful middle class is a barrier to a true Communist revolution.

That is why Communists in America are at great pains to prove that the middle class does not exist or is slipping down into the poverty-stricken propertyless laboring class, or, if that does not work, that the middle class will easily become the victim of a Fascist demagogue.

You are one of a vast number of people in the United States who live fairly comfortably and who own a little property—even if it is a trailer instead of a house, and an account in the Postal Savings instead of bonds, a back yard instead of a farm. You have a job and, although you have no rights in the job, you feel that you will probably not be fired without cause. Although the people you elect to office often do things you do not care for, your votes are always at the back of the minds of your Congressmen and of your President and the threat that you will use your votes to elect someone else is always there. You cannot elect fifty or sixty thousand people who run the great industries and banks of the country, but through the people you do elect you can to a degree control industry and finance. All of these things put you in the middle class.

Another vast number of Americans look up to you as among the lucky ones. They are the people who live narrow and comfortless lives, who have not even a five-year-old car to drive, who have no savings and who are far less sure of having a job next week than you are of having a job next year. These people have only two things in common with you: they also vote and they also hope to better themselves. Bettering themselves in this case means becoming as prosperous as you are—entering the middle class.

Now Trotsky's statement does not imply that a large middle class, or even a middle class constantly growing larger by recruiting new members from the class below, is a defense against the proletarian revolution. It implies only that a *strong* middle class is such a defense.

Let us for the moment skip the question of how you can become strong and see whether the middle class may also be a defense against Fascism. Fascism uses the middle class for leverage—and as it does so, it takes away the two things which chiefly distinguish the middle class; they are moderate prosperity and the right of protest (by free speech, free press, and free election). That is what happens after Fascism gets into power; on the way to power it flatters the middle class—far more, I should say, than I

have any intention of doing. Can the American middle class resist the Fascist appeal?

I have no quotation apt to this case, but none is necessary. History supplies its own sentence: Fascism has never come into power where the middle class had the habit of free political action. The two famous examples of Fascism build on the ruins of a feudal system, not on a democratic system. Although Italy and Germany both have methods of voting for representatives of the people, the tradition of rule by an oligarchy—by the aristocrats of birth or of the military cliques—prevails. There was no long-established tradition of self rule in either country. The people of both were accustomed to a hard life, heavy taxation, and a stiff rule. Fascism, in both cases, was a substitution of one heavy hand for another. The interlude of modified social democracy in Germany was a failure for many reasons. At least one of them was the feeling of the people that they had lost a strong protector and were in the hands of a weak one.

The Treaty of Versailles, the most deadly instrument of war ever invented by man, destroyed all hope of comfortable living for the great body of the German people; dictatorship was stalled off so long as loans from outside provided jobs or services for the middle class. It was fourteen years after the Treaty was signed that

Fascism became definitely a danger, because by that time hundreds of thousands of the children of the middle class had reached maturity and found no prospect of earning a middle-class living. Observers have testified to the appearance in the ranks of the Brown Shirts (and to a smaller extent in the ranks of the Communists) of the young graduates from the technical and professional schools, chemists, engineers, doctors, and the like. They had been prepared to take their places in society and found the preparation wasted. They were literally aimless and in that state of hopelessness and anger they became the natural supporters of dictatorship. Millions of Germans clung to moderate democratic socialism, but the middle class was utterly weakened. The invasion of the Ruhr by the French in 1923 gave ample proof to the ruling class—the masters of metals and commerce and electric power and shipping—that the moderate socialist government would never protect their special interests. The outcome was inevitable.

The same thing is more or less true in Austria. The breakup of the old empire took away from Austria the great middle-class activity, which is commerce. Because of its international situation, Austria has not exactly followed in the footsteps of Germany or of Italy, but again we need not be surprised, because there was no tradition what-

ever of freedom in the Dual Monarchy and no powerful middle class to withstand dictatorship.

The other dictatorships represent the breakdown of even firmer tyrannies: Poland, Hungary, Turkey, etc. There are no dictatorships in the democratic monarchies of the Scandinavian countries; there is no dictatorship in Switzerland; there is no dictatorship in England.

All this is important to remember whenever you hear the hasty cry that democracy has failed. You can believe it when the belittlers of democracy show you a picture of Kaiser Wilhelm romping on the village green with a German hausfrau; or when they present to you the data proving that democracy has ever been defeated after a long trial had established it as the mode of living for a fairly free people.

There is no proof that democracy will survive. It certainly will not survive unless it improves and fortifies itself. But so far, dictatorships have been erected in those countries which have been accustomed to absolute rule—and in no others.

The part that a democratic middle class plays in holding off dictatorship is this: when the middle class puts a party in power it does not give that party the right to destroy all others. Mr. Hamilton Fish Armstrong has said that the majority "must so exercise its power that a different majority may overrule it tomorrow.

. . . The majority today must not put chains on . . . all future majorities." In 1860 the American people elected the Republican party to power and, in the sixty-two years that followed, Republican administrations ruled the country with the exception of only sixteen years. Yet, in all that time no effort was made to destroy the Democratic party—not even when the Democratic party became virtually Populist and was considered as dangerous as the Communists are today.

When Bryan was the nominee in 1896, ministers of the Gospel accused him of treason to the country, newspapers accused him of forgeries and blasphemies and "a campaign against the Ten Commandments." Even Southerners were against him; he was linked to those Populist leaders who were denounced as anarchists. Bryan came within 3 per cent of half the popular vote and Mr. Mark Sullivan has estimated that 50,000 votes distributed in the right spots would actually have brought him an electoral majority. Yet the party of McKinley and Mark Hanna and Matthew S. Quay, hard-boiled, realistic men defending not only the Constitution of the United States, but Wall Street and its investments, did not consider for a moment that it had a right to abolish the Democratic party. In 1932 and again in 1936 that party came into power with the experience of European dictatorships before its eyes; yet,

so far, no attempt has been made to destroy the Republican party.

When an American party comes into power, it becomes the Administration—it does not become the state. It is compelled to recognize the existence of minorities; it must allow minorities to build themselves up into majorities. The victorious party must foresee and even prepare the ground for its own ultimate defeat.

That sounds foolish and wasteful. It does waste time and wealth and energy. The only thing it saves is liberty.

I have been sketching, so far, the position of the middle class as a barrier to dictatorships, against Communism if it is strong, and against Fascism if it is free. There is another side to the question. If either form of dictatorship comes into power, it may destroy its opponent; the Communist will be happy to liquidate the small rich reactionary group and the Fascist will send into concentration camps as many active members of the proletariat as possible. But in either case the middle class is the class that has to be ruled. The strength of the dictator's state requires the weakness of the middle class. Those property rights and social habits on which the middle class rests have to be destroyed to make a dictator safe. Without any doubt every appeal to Americans to support a dictatorship will be made on

the grounds that that is the only way for the middle class to save itself. Yet, dictatorship demands the abdication of all the powers which the middle class has in theory and may yet learn how to exercise.

As indicated,¹ those powers are connected with the earning and spending habits of the middle class—with their pocketbooks—and the pocketbooks of the middle class are safe only so long as their civil liberties are safe.

¹ On pp. 93–99.

WHAT DO YOU THINK?

- | | Yes | No |
|--|--------------------------|--------------------------|
| Do you think of yourself as a member of the middle class? | <input type="checkbox"/> | <input type="checkbox"/> |
| Are you a member of the middle income class? | <input type="checkbox"/> | <input type="checkbox"/> |
| Do you think you and millions like yourself are a barrier against Communism? Against Fascism? | <input type="checkbox"/> | <input type="checkbox"/> |
| Do you believe that your own political party is obliged to allow its opponents to continue in existence? | <input type="checkbox"/> | <input type="checkbox"/> |
| Are you among the predestined victims of any form of dictatorship? | <input type="checkbox"/> | <input type="checkbox"/> |

WHAT TO DO:

Make a list of the twenty families you know best, with estimated income of each.

Estimate their gains or losses under (a) Fascism and (b) Communism.

Inquire whether they have made any similar estimates.

V. *Sacred Phrases*

IT is not necessary to make a complicated demonstration of the connection between your civil rights and your pocketbooks. In Italy and Germany the right of protest, which is the essential right, has been destroyed and the standard of living has gone down. In Russia where there are no civil rights to be destroyed, the situation is different, but farmers who have lost their land, peasants who have been compelled to sell their grain at fixed prices, and workers who have been shifted from their homes might still feel that they could better themselves if they could protest against their current commissars and perhaps elect others.

The attack on civil liberties in America is an insidious one because it is so entirely unofficial. The law guarantees free speech and a magistrate sends a man to prison for inciting to riot by using free speech. The application of the law becomes a delicate matter decided by the clear thinking of

police officials and minor magistrates. The right to assembly is in the same position. The troops of the Army of the United States were called out against the petitioners for the soldiers' bonus on grounds which did not violate the First Amendment. The sanitary laws of a city may be invoked to disperse a gathering; the fire laws are often used to prevent meetings from being held. If a man is free to speak, he can always be clubbed over the head for obstructing traffic.

When Huey Long found some of the newspapers of Louisiana opposed to him—and found that he could be more effective on the radio in any case—his method of attacking the press was by way of taxation. The press remains constitutionally free, but as taxation finally caught up with a malefactor like Capone, it may also catch up with a protector of liberty like a newspaper.

For a documented account of what has actually happened to civil liberties in the United States I am indebted to a book by my brother, which awaits publication. The Civil Liberties Union publishes annually an account of the limitations placed on the exercise of our rights. The subject has been investigated by a Senate committee and the data are ample.

To one who believes that liberty will not be destroyed in the United States, the facts are shocking enough, but the protest proves, among

other things, that the feeling for liberty still exists. Passionate people, however, are inclined to forget first principles. After years of being hounded whenever they tried to speak, Communists now try to prevent Nazis from speaking. And those who are most fanatical for free speech will not let anyone speak against free speech.

One thing at least is clear. In many cases, people have been deprived of their civil liberties in order to prevent them from making money. Strikers have been driven off the streets; sharecroppers have not been allowed to assemble; farm workers have been prevented from listening to organizers; in some cases the right of a man to work for the highest bidder has been nullified because the highest bidder was driven off with a shotgun. The law has been used to destroy what the law guarantees: liberty, because liberty was too expensive for the ruling class. The victims can testify that the destruction of civil liberties is in effect an attack on their pocketbooks.

The only reason why our pocketbooks have not been directly touched is that we have not, so far, exercised our civil liberties to the point where they become annoying to anyone in power. We are not workers on relief staging a riot—which is the kind of civil liberty most useful to the police, because it gives them a free hand in suppression. We are not organized to strike and therefore we

do not assemble to call strike meetings. We own no publications and therefore are not refused mailing privileges on one pretext or another. But the moment we find ourselves in such a jam that we have to use the rights of free speech, free press, and free assembly, in order to drive off the encroachments of more powerful groups, those rights will be taken away from us.

When that moment comes, we shall sorrowfully look back to the time when we might have protected civil liberties in the hands of those with whom we do not sympathize and by doing so might have preserved civil liberties for ourselves.

The destruction of our liberties will probably be put before us as a defense of our liberties. Unofficially this is already being done. There are thousands of patriots who would cheerfully destroy the Bill of Rights in order to prevent Communists from speaking and publishing. The Communists are presented as a menace to free American institutions—which in fact they are, if they ever become powerful enough to undermine American institutions. Therefore, to protect ourselves we must limit the liberties which the Constitution guarantees or restrict them to people who fundamentally think as we do. The Constitution says nothing about such limitations; the Constitution empowers no one to put an end to attacks on the Constitution except in time of

war. Our new defenders consider that war has already broken out.

On the other side are those I have mentioned before, who will put down propagandists of Fascism because Fascism also is opposed to our interests.

In the steel strike the militia were called out in Pennsylvania to prevent disorders which might arise as the result of a mass meeting of strike sympathizers; the militia were used also to prevent mills from being operated. As in all cases when the militia are called, the governor of the state believed himself to be faced by civil disorder. This case was unique only because the militia had been called out in a spirit friendly to labor instead of being called in the old Pennsylvania tradition to shoot down the laborers. That does not alter the essential thing, which is that in a crisis the right of assembly was challenged, and property was seized and temporarily occupied without due process of law. It is easy to foresee the next steps. Given mutual irritation, any industrial dispute can become a threat to civil order and a governor may with the utmost desire to protect the citizens establish martial law over long periods of time and so gradually destroy the liberty of the citizens entirely.

In the middle of last summer, Mr. Walter Lippmann issued a grave warning that President

Roosevelt intended an attack on the freedom of the press. I have no way of knowing what was in Mr. Lippmann's mind when he made this serious charge. If Mr. Lippmann was right, the attack should have developed by the time this book goes through the press; if Mr. Lippmann was wrong, he was himself exercising that kind of freedom of the press which any politician, bent on extending his own powers, would first destroy. The freedom of the press in America is a particularly tricky freedom because it is largely irresponsible. Except for the tedious and costly and almost always unsatisfactory process of suing for libel, there is no way of getting back at the press.

An attack on the freedom of the press can be taken as the first step to establish a party dictatorship in America. (Such a dictatorship may differ in externals from the European variety, but it will not differ in the essential thing, which will be the destruction of an opposition party.) It is just as likely that the press will be left alone and that pressure will be put elsewhere. The results of the election of 1936 indicated that where Mr. Roosevelt was attacked by 70 per cent of the newspapers, he got 70 per cent of the votes. Any good campaign manager, studying these figures, might come to believe that he can afford to let the press alone. He might prefer to work on the newsreels. So far they have maintained a

kind of timid neutrality, but after the election, one issue of *The March of Time*, dealing with the Supreme Court issue, was censored in the state of Kansas in such a way that the defense of the President's plan remained while the attack upon it was cut out. There was, of course, a pretext—the attack suggested that Senators were obeying the President for fear of reprisals through Mr. Farley's control of patronage. Yet the fact is that freedom of expression was definitely limited. The significant thing about this episode is that it was treated as a purely local issue. Former Governor Landon was one of the leaders of a sharp protest and the censored footage was restored, but the rest of the country seemed hardly aware of the event and it was particularly distressing that President Roosevelt lost the opportunity to declare himself in favor, not only of fair play to his adversaries, but of the utmost liberty of expression in America.

The political control of the movies is an intricate subject, which needs attention, but the chances are that if an attack is made on freedom of expression in America, it will not be by way of the movies, but by way of the radio. The radio is particularly susceptible to pressure. Through the system of renewing licenses every six months, the Federal Communications Commission holds a constant threat over the broadcasting companies.

Charges were made during the campaign that the companies were already intimidated, especially when Senator Vandenberg's dialogue with a phonograph record of President Roosevelt's voice was shut off the air. In the future, the necessity of making radio independent of political control is going to be more and more important and we may find lawyers arguing before the Supreme Court that free speech does not include speech into the microphone.

The purpose of destroying all forms of civil liberties can only be to insure the obedience of the citizens. If the government were able to make all its citizens more prosperous, it would not need to destroy their liberties. The reverse is also true. The liberties of the citizens will be destroyed so that they cannot protest against the destruction of their prosperity.

The experience of the tiny minorities who have already suffered is only a faint warning to us. When the liberties of the great majority are taken away, the stakes will be infinitely higher. No one is going to take away our liberties for the fun of it or to prove some abstract theory. Our liberties will be destroyed because the government in power at the time cannot afford to be checked in its course by criticism and protest. The government may be leading us into war, as the governments of Germany and Italy avowedly are leading

their people into war; or the government may be imposing a new system of labor upon us, as the government of Russia does. In either case we shall have to give up our property or, by way of exorbitant taxes, our comforts in life; we shall have to accept conditions of labor imposed upon us and this will include where we shall work, at what, for how long, and for how much. We shall not be permitted to form into guilds or groups or unions or any other organization to protect our interests, because it will be the assumption of the state that we have no interests.

When we have lost the right of protest by speech and assembly and press, we shall have lost our freedom to make money, our right to ask for more money, and our liberty to spend our money as we please.

Prosperity is a democratic invention. Like most democratic inventions, it has not yet been perfected. Freedom is another one. And the two things are tied together. It is the experience of thousands of manufacturers that independent men are better workers, better producers, than driven men—and better customers.

When prosperity is destroyed, men can be persuaded to give up their freedom. But the only reason for destroying the freedom of men is to make them powerless to protest against the loss of their prosperity.

WHAT DO YOU THINK?

	Yes	No
Ought a government to allow its enemies freedom of speech and press?	<input type="checkbox"/>	<input type="checkbox"/>
Ought a party to allow its enemies to exist?	<input type="checkbox"/>	<input type="checkbox"/>
Have you ever been prevented from speaking your mind?	<input type="checkbox"/>	<input type="checkbox"/>
Are you aware of any loss of liberty in the past ten years?	<input type="checkbox"/>	<input type="checkbox"/>
Have you used your liberty, in the past ten years, to protest against any abuses tolerated by your community?	<input type="checkbox"/>	<input type="checkbox"/>

WHAT TO DO:

Ask the Civil Liberties Union, 31 Union Square, New York City, for a list of any infringements on civil liberty in your city or state.

Ask your American Legion branch to investigate the items sent by the Civil Liberties Union.

VI. *The Stakes of the Game*

THE REASON we have let things slide is that we never have had a clear idea of what the breakdown of our political system would mean to us in our everyday life. We have not been able to see how a dictatorship could come to America and what it would mean if it did come. When Sinclair Lewis wrote his brilliant novel, *It Can't Happen Here*, he chose the one phrase which summed up the prevalent opinion and at the same time he exposed the weakness of that opinion, not so much by showing that it could happen here as by the use of the vague word "it." The dictator who does arrive in Lewis's novel is an Americanized version of Hitler and Mussolini and the book as a whole was far more effective as an attack on European dictatorship than it was as a warning of the danger to America; because the truth is that we may get all the disasters of dictatorship without a "shirt" movement and without the emergence

of one man so powerful and so unscrupulous as to make himself the absolute ruler of America. We may have all the effects of dictatorship while enjoying a presidential election every four years and seeing Congress and the Supreme Court go through the motions of their jobs. There probably will be imitative demagogues who will import the little tricks of the European dictators; there have been shirt movements already and petty tyrannies have attempted to destroy democracy over a small area. But the unfinished enterprise of Huey Long, taken in connection with all our memories of political bosses in countries, cities, and states, ought to warn us that the whole machinery of an actual dictatorship can be created and imposed on us without our having the faintest idea that any change in the normal political process has been made.

This is important to us, because we may be quite right in thinking that the American people would never stand for a Mussolini or a Hitler and this confidence may weaken our resistance to the steady encroachment of tyranny. It is as if we said that there could be no earthquake in Kansas and therefore we need not bother to build our houses firmly enough to resist a big wind.

A crafty American politician bent on establishing a dictatorship in America would probably lean to the Fascist type and would prepare the

ground for himself by exaggerating the dangers of Communism; he might allow the industrial and financial system to go to pieces and create in all our minds the impression that temporarily, *in order to save democracy*, the functions of government must be vastly enlarged and concentrated in a few hands. It would all be a matter of degree. The powers of the President of the United States are so great, as they stand, that foreign observers consider him more influential than prime ministers and kings. In the emergency of 1933, when President Roosevelt closed all the banks, he exercised virtually a dictatorial power; but the establishment of the NRA was not accomplished by an executive edict; it was a law passed by the ordinary means and subjected at the end to review by the Supreme Court.

The Executive is not the only division of our government which can aspire to dictatorship. If Congress chose to gerrymander the electoral districts so as to keep itself in office, it might arrive at a real dictatorship under elective forms; the Supreme Court could do the same, if it could reject or allow whatever laws it chose without respect to the Constitution. The line between power in democracy and power in dictatorship is sometimes a very fine one. The great substantial difference is that in a democracy the right to oppose power, to take it away from one party

and give it to another, still exists. In America this covers two of the three branches of government, the Executive and the Legislative. It covers the Judicial only where the recall of judges exists.

We have to face the possibility that we will vote ourselves into a dictatorship.

The best prospect for this at the present moment is in the labor situation. The strikes, both irresponsible and authorized, through which we have been passing, are costly in themselves and disrupt the industrial system. As they continue, they breed violence and lawlessness, not only on the part of strikers and employers, but on the part of officers of the law themselves. Presently it may seem to us that the laws we have are inadequate.

Early in 1937 the President was asked to announce an attitude toward strikes, and Congress to pass laws governing strikes. The next step is an appeal to the Federal government to use its power when strikes occur. The practice of conciliation has brought in the Federal government and, if the situation becomes perilous, why should not the power of armed force do what conciliation has failed to do? A president who can justify to the people his calling out of the army for one purpose can keep that army in the field until other purposes are accomplished.

But this is only one method. A runaway inflation, destroying established money power, might be just as effective. Another financial panic could bring the Executive arm of the government into permanent control of the banking system through which the industrial system is managed.

The moment we get tired of working out our problems by free methods, we are asking for the solution of our problems by the methods of dictatorship and slavery. As soon as we feel that the conflicts between organized groups are too great a danger to the country as a whole, we shall demand a dictator or a cabinet which will promise to protect our welfare against any minority. In the experience of recent history, that means a ruler who will put an end to the conflict by destroying one of the parties to it.

A Fascist dictator would destroy organized labor, a Communist dictator would destroy organized capital. But these are only the most conspicuous examples. In America it might be as necessary to destroy the power of the farmer as it was in Russia. The factory manager might come out ahead and the banker behind.

In every case the predestined victim of any dictatorship is the middle class.

The way in which dictators take over industry and regulate manual labor differs from country to country; but the way in which dictatorship

bears down on the middle class is the same everywhere in its most important aspects. When we say that a dictatorship has to "run the industry" of the country, the words are too vague for the meaning to get to us. We know that Soviet Russia built the Dnieper Dam, and that the United States government built Boulder Dam, and what is the difference? But we do not know that a dictatorship in America would be compelled in self-defense to stop manufacturers from making the kind of soap we want or the kind of breakfast food we like. Sooner or later, the shape of women's hats and the length of men's socks will have to be determined not by what you and I desire, but by what the government thinks is best for us. The time might come when it would be best for us to go hatless and sockless because the government felt that another steel plant making fifteen-inch naval guns was more important.

As you in the middle class represent the great spending power, you have been tricked and cajoled and seduced and persuaded by the advertising manufacturers to select your purchases by following the advertisements. Your great power today is actually your spending power—your right to choose the objects which you are buying. It is hard for us to understand how important that is in our daily lives because this power has

never been restricted. Even when we had less money than usual, we still had a choice between less expensive goods. An intelligent dictatorship would see to it that you were not suddenly deprived of this right, but by slow degrees it would dribble away. There are a great many economic moralists who believe that this would be a good thing; they point to the waste in advertising goods which are identically unsatisfactory; *but the right to choose even a bad thing is part of human freedom and the compulsion to use even a good one is part of human slavery.*

Modern life is so varied that not all of us would feel the pressure of dictatorship in the same degree and at the same time. To some people it might be a godsend, as a communal kitchen is a godsend to those who dislike housekeeping, or as barracks are a godsend to those who have had to sleep on park benches. But ultimately in the modern state absolute power must cover everything.

I put food and clothes at the very beginning because, no matter what else we do, we shall want them. Shelter comes next. It may be impossible for a dictator to tolerate private houses; it may be necessary for a dictatorship to make vast displacements of the population. Your house, your apartment, your flat, and your bungalow may be commandeered by the state or may remain

in your name while you are moved somewhere else.

This will be particularly true if the job you are doing does not happen to suit the current needs of production. Food and guns are the specialty of dictatorships, and if you are in an "unnecessary" profession, you will find yourself raising food or making guns—or else. You will be doing this for patriotic purposes, but it may not be convenient for the government to move your wife and children to the spot at which your patriotism becomes most productive.

Next to food and guns, dictators love little children. You may be rewarded for bringing them into the world and you may be penalized for failing to do so. (So far no dictator has found any satisfactory method of compulsory parenthood, but they are only beginning. They have already encouraged illegitimacy.)

That you will not have a free press or free expression on the air goes without saying. If you have been in the habit of skimming the headlines of the papers and turning to the household hints or the sports page for something of real interest, you will imagine that the disappearance of a free press will be of little consequence to you. Well, then, neither the household page nor the sporting page will be the same as it was, because the kind of household you run and the

kind of games which are played will both fatally become part of the program of the state. Even the comic strip will not be the same.

The freedom of the air will go and perhaps with it will pass the advertising plugs of the sponsors. With them will ultimately pass the sponsored program. But radio under dictatorship will at least have one novelty for you: there will be times when you will be *compelled* to listen to it.

You will not be a member of your present lodge or benevolent association unless it happens to meet the approval of the state functionary. You will not sit around with a bunch of the boys and talk about everything on earth, nor will you with any degree of freedom have the girls in to bridge—unless you are willing to take the risk that one of them will report on the food you served and the prizes you gave, to somebody in the police department.

The kind of dictatorship suitable to America might not encourage religious or racial discrimination, but all your church activities, outside of divine services, will be regulated by the government.

You will get agreeable and amusing moving pictures if there are time and money left to make them after the films explaining the glories of your government have been finished. You will see these propaganda films whenever you see

films at all. You will not see newsreels of any importance unless their effect is favorable to the government.

You will not run your business as you want to run it; you will not teach history as it was taught to you. You will not try to discover anything in the research laboratory unless the use of your discovery has been approved by someone else. Your letters will be opened at the post office. You will not have to choose between mountains and the seashore for your summer vacations because you will travel to these places subject to the approval of authority.

You will not have the right to trial by jury. You will not have the right to sue thousands of favored individuals who will, in turn, have the right to take away your property or beat you insensible.

You will either keep your money in the bank or spend it, depending on the will of the state; you will not buy so many government bonds as you think you can afford, but as many as the government thinks you can afford. From your pay envelope or salary or income the government will make whatever deductions it pleases.

You will not take a snapshot of your sister-in-law in front of the city hall. You will not go motoring on a hot summer's evening and ride wherever you please. You will play golf if golf

happens to be approved, but you will take physical exercise whether you want to or not. You will give your wedding ring to the government.

These are some of the realities of life under dictatorship. They are all material and physical things and all of them are the inevitable consequences of a government which has to control production and consumption. You might even say that a dictatorial state has to control production and destruction. In Germany the people have been frankly told that the choice is between cannon and butter, between armament and food; but this statement was made to the German people *after* the choice had been made for them, in favor of cannon. The Italian peasant has similarly been instructed to tighten his belt; the first Five-year Plan of the Soviets was for the creation of heavy industry and the people of Russia were told to wait until the second Five-year Plan for more food, more clothing, more comforts and some luxuries.

I have omitted all the brutalities, the arrests, the jailings, the tortures, and the murders which have been the accompaniment of European dictatorships. Perhaps they are not essential to authoritarian states. Perhaps the temperament of the American people would not require such an outlet for angry and defeated passions. The danger is only that a state which primarily rules

by force must depend to a large extent upon people who actually prefer force to any other form of persuasion. We have seen that the Klansmen of the twenties and the Black Legionnaires of the thirties took a positive, sadistic pleasure in torture and in murder. Wouldn't the men who formed these societies for the "protection" of the American ideals be the first to join a dictatorship so sympathetic to their ambitions? So, you may add to the above certainties the probability that if you protested in any way against any of the things done to you, you would be manhandled, tortured, sequestered in a concentration camp, isolated from your family and friends, jailed without an opportunity to defend yourself, and possibly beheaded. If you were an important person, you might have the distinguished honor of having the dictator personally order you to be shot.

We have to deal briefly with this black aspect of dictatorship because atrocity stories are not a help to clear thinking. We have also to distinguish the brutality to the Jews in Germany, to the liberals in Italy, and to the landowners in Russia, from the deliberate executions which have taken place in all these countries. Matteotti, Röhm and Zinoviev were put to death by official order, the first two without trial, the third after a Soviet trial, because they were "traitors to the

state." Their treachery consisted in their opposition to the ruling party. It is as if Harding had ordered the assassination of Robert La Follette or Franklin D. Roosevelt had courtmartialed and shot Herbert Hoover or George Washington had wrung from Thomas Jefferson a confession that he admired the French Revolution and then had hanged him as a traitor to the principles of the American Revolution. *The singular point is that opposition to the party in power is made identical with treason to the country.*

Behind each of these conspicuous executions there are dozens or hundreds of others and endless interning of less important people in camps or imprisonments in ghastly jails. So, again, we may add to the inevitable consequences of dictatorship the probability of persecution if you are suspected of lack of enthusiasm.

Even if none of these things happen, you will live in an atmosphere of terror. Emigrants from Germany—not Communists, not Jews, but good Germans who have lived two or three years under the Nazi regime—say that the most unnerving thing of all is the feeling that there is no truth in the world in which they live. One such exile, too young to have known what life was like during the World War, asked me whether, under military censorship, you have the feeling that everything is false. I replied that one usually

tried to believe the favorable things and it took a great mental effort to believe anything favorable to the enemy, but that apart from war news, one assumed that a certain amount of truth could still be told. In Germany, I was told, everything was under suspicion and at the end of a few years no one believed anything, no one expected to be believed. It led to a kind of breakdown of the nerves and those who were favorable to the regime were as jumpy as the rest, continually suspecting enemies, provoking outbreaks so that they could put them down, while those opposed were naturally suspicious of one another and lived without friends, without intimates.

In Russia, the people who think at all seem obsessed by the necessity of knowing what others are thinking—not their friends, but those who establish right thoughts for the entire country. There is a thing called the party line and if you want to be safe you must know what the party line is so that you can follow it. At one time the party line opposed common action between Communists and less radical liberals. Later the party line was exactly reversed. If you happened to miss the announcement of the change and confidently voiced the official opinion as you thought it still was, you might find yourself in the position of a traitor.

Mr. Albert Rhys Williams, who lived in Russia for many years as a sympathetic reporter, says: "Although this line often changes, . . . the Communist must change with it. . . . As fervently as he denounced a measure he must now support it—or get out. Although he deems it wrong, he must act as if he believed it right. This insistence on party fealty may put a strain on conscience and a premium on mere conformity. So be it. The party holds that the fate of the Revolution rests upon unity of mind and action." But perhaps Mr. Williams has become disgruntled. André Gide, the French writer, is still full of "admiration for the Soviet Union and for the wonders it has already performed" and thinks that "nowhere is the feeling of a common humanity so profoundly, so strongly felt as in the USSR." And yet Gide writes: "I doubt whether in any other country in the world, even Hitler's Germany, thought be less free . . . In the USSR everybody knows beforehand, once and for all, that on any and every subject there can be only one opinion. And in fact everybody's mind has been so moulded and this conformism become to such a degree easy, natural, and imperceptible, that I do not think any hypocrisy enters into it."

Comparatively few people anywhere think for themselves. Even the alert, educated, intelligent,

and presumably superior few think the thoughts of their little group. Our ideas are created for us by the people we meet, by the newspapers we read, by the sermons we hear, by political jokes of radio comedians, by cartoons, by habits, and above all by our interests in life. Millions of us think the same way. But that is not the same thing as having an official way of thinking, dictated in advance by the central government. We have the right to change our thoughts; the subject of a dictatorship has only the obligation to change his in accordance with the ideas of his government.

The next chapter deals with some of the obstacles we meet when we try to think about our own chances in life.

WHAT DO YOU THINK?

- | | Yes | No |
|--|--------------------------|--------------------------|
| Do you think a dictatorship in America is a possibility? | <input type="checkbox"/> | <input type="checkbox"/> |
| Do you think Huey Long would have become a dictator? | <input type="checkbox"/> | <input type="checkbox"/> |
| Do you consider, before you vote, whether your man or your party tends toward dictatorship? | <input type="checkbox"/> | <input type="checkbox"/> |
| Have you any direct experience of being dictated to? | <input type="checkbox"/> | <input type="checkbox"/> |
| Do you recognize your spending power as an important element in your social freedom? | <input type="checkbox"/> | <input type="checkbox"/> |
| How much of your present liberty would you be willing to give up in order to put an end to strikes?
A lot? Or hardly any? | <input type="checkbox"/> | <input type="checkbox"/> |
| Do you like to feel that you are in tune with everyone else? About everything? | <input type="checkbox"/> | <input type="checkbox"/> |

WHAT TO DO:

Discover in your community, if possible, recent arrivals from Germany, Italy, and Russia and also exiles from each of these countries. Bring them together for a talk on the actual day-to-day lives of their countries.

In reading reports of life in these countries, try to determine how much the writer gained or lost by the coming of the dictators.

VII. *The Shell Game*

AMONG THE things that keep us from thinking for ourselves about our own most important problems, natural laziness probably comes first. We need not bother much about this. Even the dull-witted think and think fast when they are in a jam. We are in a jam. You cannot make the best blueprints for your next house while you are running to put out a fire in the present one; but you do enough thinking to call the fire department or fetch a few pails of water. It is not so high a grade of thought as that of Einstein, but it is practical. Although it often does not seem so, most people do know enough to come in when it rains.

We are being shoved around; we feel that somebody is jabbing needles into us. We are getting the works. If we were let alone, we might think out the reasons. But we are scared out of thinking, we are bored out of thinking, and we are distracted out of thinking. It is obviously to the

great benefit of a certain number of people to prevent us from thinking.

The distractors have the easiest time of it. They do not say: "You are going to lose a week's wages this month, but what the hell, let's all go to the ball game." They hardly need to say anything. The ball game is there, the movies are around the corner, the radio is in your house, and scandal, murder, and other excitements pop at you from every headline. As I have suggested, the only people who actively mislead you are those who ask you to think and then suggest the wrong topics—such as how to develop your personality, how to get on with your wife, and how to exercise your subconscious self. They are well intentioned, but they are writing for the McKinley Administration; they are writing for a world of peace in which no public questions are urgent.

In some cases you feel that deliberately distracting your mind goes pretty far. The millions of dollars spent every year on making moving pictures could surely result in half a dozen movies which had to do with public affairs. Actually, the movies are intimidated—partly by you, partly by censors, partly by their own financiers, and to a considerable extent by foreign countries. Nothing more spectacularly suitable for a moving-picture drama has occurred in this country in

the past fifty years than the march of the Bonus Army on Washington in 1932. The bare news release of this event was more exciting than three quarters of the pictures made in Hollywood. But Hollywood would not touch it. The producers did not know what you would think about it, but they knew all too well what their financial backers would think about it.

Even the splendid courage of the great majority of Americans during the depression, their loyalty to their country and to its principles, their suffering and their triumphs, were not celebrated in a single important picture. A few years ago all the principal studios were thinking about making a picture on the munitions racket. They found something pretty dramatic in a young man's leading a charge across No Man's Land to capture a gun and then seeing, just as he dies, that the gun was made in his own country and sold to his enemies. But the studios never made a great munitions picture. Too many interests, domestic and foreign, would have been offended—and *you might not have been interested*. They took chances on interesting you in *A Midsummer Night's Dream*, but not in the madness of your country's supplying to its enemies the armaments which will eventually kill you.

The movies played safe when they did come to grips with the current problems; they attacked

highjackers, gangsters, racketeers, blackmailers, and with a sudden outburst of courage, mob rule and the dispersed Black Legion of Michigan. For the rest, the moving picture is based on private problems—usually one problem: how the lovers will overcome the obstacle in their way. When the thing that separates the lovers is interesting, you get an entertaining picture. Even when it is not, the movies occupy your mind sufficiently. But if they make you think at all, they make you think of your most personal problems.

There is always a good band on the air and occasionally a good comedian, and there are many sketches, and all these, being sponsored, are skillfully put on, catching your attention and holding it. Radio also presents a comparatively large number of public questions, either in the reports of the commentators or in speeches and debates. Unfortunately, few of these are as absorbing to the mind as a great commercial program.

The Republicans spent more for radio time than the Democrats and were defeated, but whether this was due to Mr. Roosevelt's skill as an orator cannot be proved. We cannot tell how many people will listen for more than twenty minutes to an address on political, social, or economic problems if they have the privilege of

tuning in on some other station or shutting the thing off altogether. But we can be sure that millions of people do listen every night to a combination of good entertainment, silly jokes, excellent popular or classical music, sentimental twaddle, and all the other things which, good or bad, fill their minds and prevent them from thinking about difficult and pressing problems.

One thing, however, has to be noted: millions of people who have never before paid the slightest attention to economic problems, either national or international, have heard something about them through the radio. Newspapers have become more interesting to the readers because radio commentators have simplified news. Political writers, most of them conservatives, are now syndicated to papers with circulations totaling between 5 and 10 million; and if all these writers are read, the American people are getting an unusual education in social problems. Even a good murder, a good baseball game, and a good war must share the principal headlines with sit-down strikes and the Supreme Court; but only exceptional and dramatic events in the economic field can count on page one.

There are dozens of other forms of distraction—books and games, poker and bridge, all sport, and the ball and pin games. Perhaps there is no

better illustration of how these things work than the now forgotten craze for miniature golf. Springing up in the midst of the depression, when every man's pay envelope was slashed and no man's job was safe, this game not only prevented people from worrying about their money, but actually took money away from them. A manufacturer in Grand Rapids told me that men in his employ, whose wages he had had to cut by 40 per cent, were playing as many as ten games a week on the Tom Thumb golf course, spending \$2.50 out of a total of \$22.50, when they had been accustomed to something like \$35 a week. Their wives may have abused these men, but everyone who has been poor knows that you sometimes spend money out of desperation, even when you haven't got it to spend.

Next to the distractors there are the bores. It is quite true that they deal with difficult subjects, but the moment they begin to speak a dust cloud settles over us. There are several special languages in which they express themselves. Sometimes it is full of technical terms and sometimes it is full of moral uplift, but always it is dull. The economists seem to be talking to one another, not to us; once in a blue moon you get a Stuart Chase who definitely wants the average

man to understand what he is saying and writes simple and brilliant sentences full of fact and full of meaning to the reader.

The problems of international finance are complicated. So are the problems of manufacturing spark plugs. The people who sell us spark plugs keep their problems to themselves, but the people who are trying to sell us various economic systems seem to take an angry pleasure in spreading formulas all over their work, as if to persuade us that we cannot possibly understand these things and had better leave them to the experts. You and I are totally incapable of getting the range for a fifteen-inch naval gun and firing it so that it hits a target; but we are capable of deciding whether we want the gun to be fired against the navy of Latvia or of Lapland. And we ought not to be bored out of our right to make this decision because we cannot understand the technical difficulties of the operation.

One of the great objections to good people is that they are dull, so that scoundrels often attract us more than virtuous people. The same thing is often true about good arguments. They are not nearly so attractive as the wild promise of a demagogue.

The trouble with reformers has been that they are so easily hurt. When they discover that the

average man and woman is more interested in a good meal, a little flirtation, a game of golf or bridge, than in the "due-process" clause of the Constitution, the reformers whimper. They have never taken the direct step of informing the average man and woman that the dinner, the flirtation, and the game may all be canceled out if the due-process clause is interpreted the wrong way. The reformer, being high-minded, despises our low, selfish interests. He would be pained to learn that we might do the right thing for our own good. I suspect that we shall never do it for any other reason.

It has often been said the American people are far more interested in their rights than in their duties. One reason is that our rights have been made pleasant to us and our duties distinctly unpleasant. We have been bored by civic duty and by national duty and the reason has been that we have never been able to see how they affected ourselves. Now we are beginning to see. We shall do our civic duty cheerfully if it adds 25% to our income. That isn't noble; but it is effective.

By far the most active enemies of the common man are those who try to scare him out of thinking about his own problems. This is an ancient trick. We play it on ourselves. Jones has been saying some disagreeable things about us and we

say that Jones is a notorious wife beater and does not wash often enough. During the World War, we disliked the Germans, so we called everything we disliked either German or pro-German. It was easy and it was dangerous. A grocer spreading the rumor that a rival grocer was pro-German could take trade away. An expert announcing that an airplane engine would not work could be disqualified if you could tag him as a pro-German, although obviously he was being remarkably pro-American if his judgment of the engine was correct. After the war, the word Bolshevik, or Red, took the place of pro-German. Today the two great words of black magic are Fascist and Communist. If a man says that two and two make four, you can escape, at least temporarily, from the consequences of his statement if you can persuade people that he is a Nazi or a Stalinite.

These words and the arguments behind them are the most effective dams to the straight flow of thinking. The way they work is this. You are told that the whole world must inevitably be divided into two parts, one Fascist and one Communist, and that ultimately these two will join in mighty war to the death. You are told that the Tennessee Valley experiment is Communist and that opposition to the Child Labor Amendment is Fascist and, therefore, you are not allowed to judge either of these on their own

merits—you must judge them by whether you want Fascism or Communism to prevail in the United States. “Fascism” and “Communism” become “fright-wigs” to scare us out of thinking by forcing us to make a choice.

At the old country fairs even the most unscrupulous gamblers gave you a choice of three shells.

WHAT DO YOU THINK?

- | | Yes | No |
|--|--------------------------|--------------------------|
| Do you think as often of public affairs as you would like to? | <input type="checkbox"/> | <input type="checkbox"/> |
| If not, are you prevented by too many distractions? | <input type="checkbox"/> | <input type="checkbox"/> |
| Would you like the movies to deal with your own social, political, and economic problems once in a while? | <input type="checkbox"/> | <input type="checkbox"/> |
| Is there a middle ground between obligatory listening to radio and the commercial programs you now get? | <input type="checkbox"/> | <input type="checkbox"/> |
| Are economic discussions made difficult for you by the economists? | <input type="checkbox"/> | <input type="checkbox"/> |
| Have you ever been called a Communist for approving a liberal measure or a Fascist for approving a conservative one? | <input type="checkbox"/> | <input type="checkbox"/> |
| Do you think that being a good citizen must necessarily mean being priggish and dull? | <input type="checkbox"/> | <input type="checkbox"/> |

WHAT TO DO:

What not to do is important in this connection. Make a quick estimate of the time you spend in various forms of recreation and deduct ten per cent during the next few weeks. Devote that ten per cent to any public affairs that interest you.

VIII. *You Have Paid*

SUPPOSE YOU say: "That's all very well. We shall take the trouble to think and we shall act as energetically as we can. But in the end how can we expect to control our own lives? Power will always go back to the powerful. The man who pays is the only man who can call the tune."

The simple answer to this is that you have already paid. You hear that Paraversal Films is going to invest 10 million dollars in special features this coming year; you believe that the owners of Paraversal are entitled to make the kind of films which they think will bring in the most money or—if they are a little crazy—will bring them the honor and respect of the world. They produce a film which offends you, and you feel utterly helpless because it is their money and they can do what they like with it.

It is not their money. *It is your money.* There is a fair chance that Paraversal has taken advan-

tage of Section 77 B to reorganize itself. That means that the \$1,000 you invested for fifteen shares of the stock is now worth about \$8.20, the rest of the thousand being a loss—to you—which Paraversal has borne with a stiff upper lip. New stock has been issued perhaps and the fifteen shares you used to have now entitle you to three tenths of one share, plus the privilege of investing another \$1,000. At the same time, the owners of Paraversal have taken losses on their own account. But somehow a good many of them continue to receive substantial salaries, or they sell out the entire works, part of which you have paid for, and pocket several million dollars.

It is perfectly true that, when you invested in the company, you did it for money and expected profit and took your chance for loss. It is perfectly true that a small number of aggressive and farsighted men organized the company and were entitled to profit also. But, in a small way, you have paid.

This is only the beginning. Wash out the whole stock market enterprise, and you still have a constant stream of your quarters and half-dollars coming through the box offices of some twenty thousand movie houses and going—after necessary subtractions have been made—back to the treasury of Paraversal. You began paying for the movies when *The Great Train Robbery*—which ran

fifteen minutes—was virtually a superspectacle. Part of the money spent on movies today you paid in to see *The Birth of a Nation*.

Dozens of men and women produced pictures which converted the whole population of the United States into movie-goers. A few of them, if they were still in control of the pictures, would be using the money which you turned in to them. Actually, a great many of them have gone and your money is being used by people who never contributed a thing to your pleasure in the movies. They are capitalizing on your habit of going to the movies—a habit created by others.

Consider another great industry, the railroads. Slowly, under pressure of competition from passenger cars and trucks, the railroads are giving you the kind of service you want. Few of them are making enviable profits. But whatever they are doing in the way of faster and more comfortable trains and better delivery of goods, is being done with your money. Vast sections of land were given to the railway companies—your land, because it belonged to the nation—and later you were permitted to buy this land back from the railroads to whom you had given it. Then you began to pay railroad fares and freight and express charges and there was an ugly scandal when some railroads used your money to bribe your Senators to vote against your interests.

The great investment of the American people in their railroads was in the charges they paid. For those charges they got whatever service the railroads chose to give, and no more. Wherever you paid too much, whenever you got less comfort and service than you were entitled to, you were providing the railroads with money to defeat your reasonable requirements.

In the end the railroads gave up their hostility to the people. Cooperating with the government, railroads have virtually put an end to labor troubles and to battles over rates. We have arrived at a condition of peace, with even some hope of prosperity. Yet, it is still your money that is being used. Your money was used to build up the fantastic Van Sweringen real estate empire and your money was lost in it.

Your electric light bill is four dollars a month. The company which supplies you with light and power is perhaps capitalized at 50 million dollars. That 50 million came from you indirectly, but your \$4 a month is in part a direct contribution to the finances of your utility company. When a taxpayer brings a suit for reduction of rates, your money pays for the company's lawyers to fight against the reduction. Your money paid for the fake telegrams by which Congress was snowed under a few years ago. Your money also pays the

legitimate salaries and legitimate dividends of a public-spirited utility company.

A long time ago, Andrew Carnegie, who was far from being a radical Socialist, announced the principle that "the people are always silent partners" whenever wealth "accrues honorably." Even a silent partner is entitled to a share in the profits. The way you get these profits may be in reduced prices or better services. The motorcar you buy today gives you five times as much motor value at perhaps one-third the price of a motorcar of twenty years ago. One reason is that you have paid for the improvements. You have paid the salaries of the engineers and the bonuses to inventors and wages of employees. You have paid with the actual money you put down for a car in 1910 and you paid with every hour you spent lying under the same car on a black night on a muddy road in 1911.

Mr. Henry Ford has more recently echoed the ideas of Andrew Carnegie: the consumer contributes to the profits of industry. When you deny yourself a trip to the seashore in order to buy a car, you are choosing between one pleasure and another and at the same time you are definitely investing your money in the motorcar industry. Over and above the motoring value you get, you are paying a profit to the manu-

facturer. Part of that profit belongs to him for his investment, his enterprise and his labor; and part of it he reinvests in his factory—using your money for that purpose.

In the great boom times a number of industries were founded without your direct contributions. By a series of notations in ledgers, banks extended credit. But that credit was based on your savings and your checking accounts and when that credit went sour in 1930, you still took the rap. You paid for the 70 million dollars' worth of bonds which the Peruvian government floated in America, even if you never subscribed to the issue, never heard of it. You paid for building excellent apartment houses for the poorer classes of Vienna. Although there is no tax on radio reception in the United States, and sponsors pay \$15,000 for a program which comes to you free, you are paying Ed Wynn and Fred Astaire and Eddie Cantor and all the others. You are paying now for the experiments which will bring you television in the future.

All this does not mean that you are paying too much; it does not mean that American industry is run by extortioners. It does not mean that you are being gouged.

It simply means that you are the ultimate source of all invested money and that, therefore, you

have the ultimate power to decide how that money should be used.¹

Suppose, now, that you are not a member of that multitudinous middle class which occasionally has \$10 to spend or \$100 dollars to invest. Suppose you are in that terrifyingly numerous class which sees cash only as it passes from the pay envelope to the grocer or the landlord, the butcher and the clothing store. You may be working in a shoe factory or on your own little farm or as a letter carrier—being just one of the millions who take in about \$15 a week. In these circumstances you do not demand the right to pay your share of the cost of government; the pleasure of filling out an income tax report you cheerfully do without. When 5 billion dollars is spent for direct or work relief, you receive some of it—and are very happy not to have to pay any of it.

You may not think that your failure to pay taxes to the government bars you from the right to vote. For nearly one hundred years the property qualification—which is roughly the

¹Women, it is estimated, spend about 80 per cent of all the money that passes in retail business. This is an incalculable power. But women exercise no parallel political power and are reluctant even to bring commercial pressure to bear in order to get their money's worth.

tax qualification—has not been operative in the United States. But there are people who, as usual, will think for you. During the depression an organization was formed in New York State to take the vote away from those on relief. Mr. H. L. Mencken in his "proposed constitution" for Maryland suggested the same thing. You can see the strength of the argument easily enough: the time might come when 51 per cent of the voting population was on relief and only 49 per cent was not; then the 51 per cent could vote itself any income it chose at the expense of the 49 per cent.

In a milder form you will see this argument repeated a thousand times. Only five million people file income tax reports and of these only some two and a half million pay taxes. These taxpayers and the corporations which pay on their profits are supporters of the government—the other sources of revenue are taxes on liquor and tobacco, customs duties, and certain others. The great argument is that a comparatively minute number of people, about one twentieth of the total number of "the gainfully employed," pay the cost of government, whereas the remainder, some 95 per cent of the population, get the advantages of government scot-free.

Like the rain which falls on the just and the unjust alike, the government works for rich and

poor alike. In some cases the poor gain even more than the rich. The rich man hires an expensive manager for his farm, whereas the poor man gets advice from the Department of Agriculture. The rich man sends his sons to private school at great expense, whereas the poor man has the benefit of state schools and of the Bureau of Education in Washington. But our army and navy defend us without regard for incomes, and the stability and comfort of our lives, whether we are poor or rich, are maintained by the Federal government as a whole. That is the argument, and while it may be right in an ethical way, it is altogether false in a human way.

The prosperous pay out of their profits; the poor pay out of their deficits.

That is the profound difference. The taxes on a package of cigarettes amount to six cents and it is ten thousand times harder for a laborer to pay this tax than it is for a millionaire to pay it. That hardship is part of the poor man's contribution to the expenses of government, just as surely as the six cents are. If a man could afford a pack of cigarettes at nine cents, and gives up smoking because the price is fifteen cents, that self-denial is also a contribution to the cost of government. If you are dog tired at the end of a day at the shop and cannot enjoy your evening at home, and if at the end of a year or two your body is weakened

and you succumb to influenza or pneumonia—which a healthy body could throw off—your daily fatigue and your illness are forms of taxes which you pay. If children are cold and half fed when they go to school and learn their lessons badly and turn out only half capable of earning a decent living, they are paying their income taxes in advance.

Sometimes there is a direct connection: a factory uses child labor and underpays men and women and makes a higher profit than it otherwise would, and so pays high taxes. Who has paid these taxes? The factory owners? Or the men, women, and children whose ill pay and overwork have created a profit? The farmer who has to sell his product at a low price and has to buy what he needs at a high price, can see some of his dollars in a treasury report, only they are listed under the names of other merchants. In every instance, someone profits by the overwork and weariness and meager living¹ of millions of people. And

¹ And early death. The death rate of forty to fifty million American citizens is twice as great as the death rate of the remainder. The forty to fifty million who die soonest all have incomes of less than twenty dollars a week; those who live longer have higher incomes. In seven of the ten major diseases, the death rate mounts as the income goes down. The death rate for respiratory tuberculosis, for instance, is seven times greater among unskilled than among professional workers.

These figures were made public in October, 1937, by Assistant Secretary of the Treasury Josephine Roche. She said they constituted a challenge to government, public health officials, and the medical profession. She did not

in every instance someone loses. The gain pays the taxes of the profiteer; the loss increases the taxes of the middle class. But the miner's wife who buys a loaf of bread at five cents and the farmer who buys a file for fifty cents are as surely paying their taxes as a corporation head who gives a lawyer \$50,000 in order to escape paying \$40,000 more to the government.

Whenever tax rates are raised you can count on hearing a proposal to "broaden the tax base." There is an unanswerable argument in favor of this: taxes hurt; and the man who pays them will take mighty good care that they are not spent without good reason and a good return. But broadening the tax base is an idea which comes easily to financial experts who imagine that taxes are paid only in money. You cannot make the base any broader than it now is, except by stopping up the holes through which the rats escape. The only legitimate broadening of the tax base begins with broadening of the income base. All other spreads of taxes protect the few and penalize the many. You can impose a sales tax which reaches everyone—a sublimely equal law which taxes the millionaire, the small merchant, and the starving housewife the same amount for the bread they eat and the \$15,000

say that these forty millions should be included in the next "broadening of the tax base." Perhaps premature death cancels the payment of taxes.

motors they buy. But you must remember the really invisible taxes which are paid not in cash, but in discomfort and neediness and ill-health and insecurity.

For the man in the middle class, the creation of income and its distribution, so that more and more people will be able to pay taxes, are of prime importance. He is the first to know that we cannot long depend upon the rich to finance the cost of government. (We cannot even depend on the rich and the moderately prosperous to finance our industries, let alone pay for the deficits of our depression.)

The graduated income tax raises the amount which the rich must pay, but it does not proportionately lighten the load which the man in the moderate income class has to carry. The wailing of the very rich is sad to hear, but in actual experience it is harder for a man of medium income to pay his tax than for a man of large income to pay his. We have discovered that even our comparatively moderate supertaxes in the upper brackets are not satisfactory. They create a class of angry rich men who assume that they are being mulcted for the benefit of the poor, or who imagine that because they have paid what the law requires, they should have a special influence over the processes of government. The effect on industry is not good and the results in the

treasury are inadequate. To create more income and let it fatally concentrate in the same hands will not solve our problem. It will certainly do almost nothing to make life easier for the great class which actually creates the income.

One of the effects of dictatorship as practiced in Europe is that every man, woman, and child feels a direct connection with the state. It may be oppressive and it may be benevolent; the citizen may feel that the state is working for him or that he is working for the state; but he cannot feel that the state is a vague power with which he has nothing to do. This is a very useful frame of mind if you, as dictator, want millions of people willing to starve and eager to be mutilated on the battlefield in return for glory. A democracy which does not consider war as the chief function of a nation needs a milder form of devotion from its citizens; but it cannot go on forever if the citizens do not actively and persistently take part in the business of the state. Taxes are the great connecting link between an individual and his government, but so far most of us have felt that when we paid our taxes we were doing the government a favor, handing over some of *our* money for the government to play with. This attitude of mind goes far back beyond the days

of unemployment relief. It is the attitude of mind which makes our Congressmen so frightened of imposing direct taxes and so willing to slip over the kind of taxes which we cannot see.

To correct this we have to observe only a few facts and it is easier to observe them in the experience of other people than in our own. The very rich are the chief complainants against taxes. Yet they are the chief beneficiaries of our government, which has protected their wealth and developed new markets for them. If you manufacture shoes made of green and purple leather, you may write to our consul in Winnipeg or Helsingfors and ask his opinion of the probable markets. If he does not send you what you want, the Department of Commerce may help you. The State Department negotiates commercial treaties for the benefit of manufacturers. Instead of advertising in newspapers and magazines, you can dump 100,000 ads into the post office, without addresses on them, and the post office will deliver these to box holders. Our army and navy protect our shores, and they also protect our oil interests in foreign lands, our markets in the Orient, our interests in bananas in South America and other enterprises from which our banks and industries make profit. Every time the militia are called out to protect property, the taxpayer's money is being used to the advantage of only a

few of the taxpayers. The government's land policy and the government's immigration policy were prime factors in giving new customers and cheap labor to our industries. The building of high-speed roads is an inestimable service to every manufacturer of motorcars. The researches in soil conservation and flood control are a kind of life and property insurance for millions.

Every school supported by state or Federal money is indirectly creating customers, because the trained man with a high income will want a high standard of living and will buy more goods.

It is even possible to take the most disputed case and show how the taxes we have paid and must still pay have been a business investment. Since 1933 the PWA has used one quarter of all the bricks, three quarters of all the cement and about half of the structural steel and steel rails produced in America. I do not know what percentage of this was unnecessary, what part was wasted, and how much graft existed; but the obvious thing is that for a few years the government was a great support of industry. The RFC, established under President Hoover, poured money into industry, usually at the top of the industrial pyramid, lending it to railroads, banks, and other large-scale enterprises; the New Deal, under President Roosevelt, decided that the tree must be watered not at its top branches, but at

the roots, and in addition to its purchases of steel and concrete, it paid out vast sums to individual workers. So, both Republican and Democratic uses of the taxpayer's money were intended to contribute to the prosperity of our industry and consequently to the prosperity of those who own our industry.

When we recognize the function of taxes, we shall arrive at some rather radical conclusions. It took a long time and a Constitutional amendment, reversing the attitude of our Supreme Court, to create a law providing merely that those who had more income should pay more taxes. But our conclusion is that taxes are as normal a part of the cost of living as rent or food and that those who gain most by the activities of the government should naturally expect to pay most for their privileges.

The conception of an income tax as a rather snide game in which the government tries to punish the rich and the rich try to elude the government is based entirely on the idea that the taxpayer gets nothing in return. The crafty patriots who escape paying taxes need only to consider *what would have happened if everyone else had been as smart as themselves*: a government falling into bankruptcy, compelled to protect itself by paper inflation and dragging with it into universal ruin the banks and the factories out of

which these smart men have made the millions on which they avoid taxation.

It is, of course, to your interest as a member of the middle class to see that taxes are levied in such proportions that they can be paid without destroying the productive system. It is even more to your interest to see that a greater and greater number of people get into the taxpaying class. Quite possibly the income tax itself is not the best system for supporting the government—that is, for paying the expenses you think the government has to undertake. But whatever system is used, you will both suffer from it and benefit by it, and your great interest is to see that your sufferings are not disproportionate and that your benefits are not taken from you. You have to hold it as a first principle that you are the prime payer of taxes. Those richer than yourself have not created money by some magic out of thin air. Those poorer than yourself are not eating up the taxpayer's money without making some return. If you want to protect the property system instead of destroying it, you must see to it that the holders of property pay the taxes for its upkeep, especially if they are paying with your money. What they have done, and what you can do with your money, are suggested in the next few pages.

WHAT DO YOU THINK?

	Yes	No
Do you ever feel that you have paid for a lot of things you didn't get?	<input type="checkbox"/>	<input type="checkbox"/>
Does your quarter at the box office of the movie house entitle you to demand good films?	<input type="checkbox"/>	<input type="checkbox"/>
Are you getting full value for your household expenditures?	<input type="checkbox"/>	<input type="checkbox"/>
Can you pay for things by work, weariness, illness, as well as by money? Do "the poor pay out of deficits"?	<input type="checkbox"/>	<input type="checkbox"/>
Have you paid for your government?	<input type="checkbox"/>	<input type="checkbox"/>
Is it to your interest to have as many taxpayers as possible?	<input type="checkbox"/>	<input type="checkbox"/>
Do you consider income and corporate taxes as a battle between the government and the taxpayer?	<input type="checkbox"/>	<input type="checkbox"/>
Do you think anyone will ever be willing to pay taxes—for value received?	<input type="checkbox"/>	<input type="checkbox"/>

WHAT TO DO:

The most vigilant critics of the commodities you buy are *Consumers Research*, Bowerstown, Washington, N. J., and *Consumers Union*, 55 Vandam Street, New York City. Both publish monthly ratings of all sorts of goods and name the fakes. Subscription to their bulletins is cheap.

There may be a consumer's council in your community. If not, it is easy to start one.

IX. *The Customer Is Always Right*

IF YOU want to make a melodrama of the present situation, you can say there has been a great conspiracy against you. The purpose of this conspiracy is to prevent you from knowing your own strength. But as soon as you take a calmer view, you will discover that fundamentally you have the upper hand. All you need to know is how to play it.

The followers of Karl Marx are fond of telling us that all our political freedom, all our campaigns and balloting are a false front. This front keeps us contented by giving us the illusion of power, but the real power is in the hands of the "economic oligarchy." Not only Marxists say this. When Ambassador Gerard said that some sixty individuals ruled the country, he indicated that a vast majority of them were industrial and financial bosses; and from Theodore Roosevelt's "malefactors of great wealth" to Franklin D. Roosevelt's "economic royalists," the holders

of vast property interests have been condemned by Republicans and Democrats alike for controlling the country, usually against the interests of the country.

There is a good argument that in the end political freedom may be the best weapon for destroying economic slavery; but we can let that pass for the moment and move right into the Marxian field of argument. Let us say that economic power has the final word. Isn't it possible that, in spite of all appearances, economic power is actually in your hands?

Exactly how do the big financial and industrial tyrants rule over you? What is the actual source of their power? They own vast lands, they own mines and other sources of material.¹ They own the factories; and a very small number of them own by far the greatest share of the stocks and bonds which in turn represent ownership. They control the banks and, as the banks can lend money, they can say what business shall expand and what business shall be prevented from expanding. They can favor oil over coal or trucks over railroads, or airplanes over motorcars. By the control of money also they can to a certain

¹ In 1929 corporations and institutions owned half of all bank deposits and insurance, in 1932 almost three quarters; in the latter year they owned two fifths of all real estate and chattels. (Based on R. R. Doane's *Measurement of American Wealth*, page 27.)

extent change the value of the money which is now in your pocket—not quite so much as they could before 1932, but still considerably. By way of loans and mortgages they have a prior lien on a large part of the land and building and equipment of the farms and factories of the United States. And beyond that, since they have been in business for a long time, they exercise a vast amount of control over Congress and state legislatures, not necessarily by bribery, but because they have made your representatives feel that the best way to provide for you is to provide first for the 60 or 6,000 people at the top.

This is a pretty formidable line. What can we bring out on the other side?

You will note that almost every item in the list of these powers is concerned with production. The *one* thing that the owning class cannot do is this: they cannot use up what they make or what they make us make. For that they still have to depend on us.

Now, no matter how great our corporations may be, their profits have never been—since 1922, at least—more than one sixth of the total amount of money available for spending. When the national income was around 60 billions, investors and property holders generally got about 8 billions; when the national income swooped up to 80 billions in 1929, they got about 12 bil-

lions. On the other hand, the salaries and wages of employees always counted for at least three out of every five available dollars and if you add farmers and merchants and professional firms (not corporations), you find that the total income ran to about 68 out of 80 billions in boom times and 41 out of 50 billions in bad times.

You occasionally see an apologetic diagram representing a dollar cut into pie slices, in which one slice may be half or two thirds of the whole and that represents wages and salaries; then there is another large slice representing the cost of raw materials; several smaller slices for taxes, buildings, upkeep, interest, etc.; and then an almost invisible sliver for dividends or profits. The fact that 100,000 pie eaters have to share the big slice and only 10 or 1,000 eaters have to share the smallest one is not emphasized. But that diagram, which may be misleading in regard to the comparative prosperity of the laborer and the investor, is not at all misleading in regard to the national buying power. That power does go into the hands of a great number.

Another familiar set of diagrams and statistics proves that we are all prosperous because we have such large savings.¹ These averages mean nothing at all. If one man has \$100,000 in savings

¹ In 1936, 13 million depositors had some 10 billion dollars, an average of \$775 each, in mutual savings banks.

banks and 500 men each have \$200, the average amount of savings is just short of \$400; yet not one single man among the 500 can draw more than \$200. We do not need these imaginary figures. The actual truth is that a vast number of American families have no savings whatever and that some 160,000 families have more savings than 27 million others.

Yet, again, these figures are important if we approach them as proofs of power to buy radios and shoelaces and cigarettes and bread. Because the 25,000 heavy savers simply cannot use their money to buy things. A rich man may hire a private barber and provide him with seven razors, each for one day in the week; but he will not buy 7,000 razors even if his income is 7,000 times as great as the combined incomes of 7,000 other men who will buy each man a razor for himself. The higher the income, the less of it is spent. This is rather disappointing to those of us who have always figured out what we would do if we had a million dollars a year. We should probably do what most millionaires do—we should invest the greater part of it. *Only the poor can afford to spend their entire income.*

The poor and the middle class together are the spenders. Until now all economic ideas have started out with the producer. They have all had a bias in favor of aristocracy. Most ancient

economics has been, in fact, a defense of the aristocratic principle. *As we begin to move into an actual democratic era, we can ask our economists to start with the consumer, with you and me.* Production may be left in the hands of the few, but the use of things has to be distributed more and more to the many. The ultimate economic power shifts into our hands.

You and I nearly ran the railroads into bankruptcy; you and I have shoved many a gas company with its back to the wall because we preferred electric light. You and I have caused far too many good newspapers, and a few bad ones, to die. You (feminine, and therefore not I) have compelled manufacturers of petticoats and corsets and cotton stockings to add other lines to their businesses. In all these things we have been helped along by the manufacturers of motorcars, by the electric power utilities, by radio, by the makers of real and artificial silk. But in the end, *what we bought settled the fate of the industries and of the financiers behind them.* We may wreck the building industry and play hob with the whole real estate business if one third of us prefer to live in trailers, which the enthusiasts assure us we shall do; and at the same time we shall bring profit to the makers of trailers, to the manufacturers of road-building machinery, to overnight camps, and to those astute real estate

operators who will buy property only a few hundred feet deep along the roads and line them with hot-dog stands and the other requirements of a mobile civilization.

We saw the entire structure of corporate industry and finance totter in 1932 because for several years we could not buy—we had no money. If we deliberately choose to deny ourselves everything but the actual necessities of life for six months—that is, *if all of us went down to the scale of living of the least favored in our own population, we could wreck the whole economic oligarchy.* (We ought to make sure before we try such an experiment that the economic oligarchy will not take that opportunity to saddle upon us a dictator.)

If we are as powerful as all that, why are we continually being battered about? Why are our incomes always a little less than satisfactory? Why can the head of a department store refuse to meet his clerks or the head of a steel works refuse to meet the labor leader? Why do a small handful of men control our political parties, our press, and radio, to the extent that they do?

The answer is that institutions lag behind the facts. Benjamin Franklin left a fund for the support of worthy apprentices, and the fund continued to exist for generations after the apprentice system was completely forgotten. Somewhere in

the Middle West—in St. Louis, I think—there was until recently a sum of money available for helping emigrants on their way to the Far West, although the covered wagon has not been exactly familiar in the streets of St. Louis for several years.

In economic affairs, a concentration of money helps to keep political control in one group when actual productive power has passed to another. When this goes on too long, the real power breaks through and you have a revolution. In sensible countries changes are made in time so that revolutions are avoided. All through the nineteenth century in England, economic power was increasing in the hands of the middle class; the merchants and the manufacturers were displacing the great landholders. And in England political power was passed on to these new aggressive groups. Later, labor rose to power to such an extent that it entirely dispossessed the Liberal party, which was by tradition the representative of the mercantile and manufacturing class.

In our own country the fact that everybody has a vote has concealed the more important fact that we do not vote for our own choice and that the people we do elect are not exceptionally active in our interest.¹ The result has been the

¹ We cynically allow a few thousand men to pay the expenses of an election and then expect those elected to think primarily of us!

creation of other methods of getting power. Advertising, for instance, is often used to counteract legislation. The railroads of the United States were a vested interest, but the motorcar came in just as advertising became important and rose to dominance after the World War had shown us the uses of publicity. The newspapers and magazines of the United States, being considered of educational value, have a concealed subsidy from our government. They are mailed at a fraction of the postage they would have to pay if measured by their weight alone. But advertising (of radio sets) and the entertainments offered by radio have established broadcasting as a rival, both in disseminating news and information and in carrying advertising.

At the beginning of 1936 we had a startling instance of social change effected while politics was stalemated. The Wagner Act required employers to meet representatives of their employees. The Act had become a law, but because the law had been challenged and brought to the Supreme Court, many employers, on legal advice, refused to obey the law because they hoped it would be declared unconstitutional.¹ In the meantime, the President had made his proposal for enlarging the bench and the Court delayed for many weeks its decision on the Wagner Act. In

¹ You try that some day!

this period of indecision, which was rapidly approaching a disastrous confusion, Myron Taylor, the leader of the steel industry, and John L. Lewis, the leader of the more aggressive wing of the labor union movement in America, met and, in effect, steel accepted the principle of the Wagner Act, regardless of its constitutionality.

The direct result of this extra-legal agreement of two great powers was that a similar agreement put an end to the strike in General Motors and another one prevented a strike against the Chrysler corporation. Here was a case in which the actuality of power was recognized; partly because of the political activities of John L. Lewis in supporting President Roosevelt for reelection, but chiefly because Mr. Taylor saw that the economic power of unionized labor had to be matched by some degree of social power. The whole process of politics and law had lagged behind the facts; fortunately, the directors of some basic industries chose to follow the facts instead of waiting for the law to catch up with them. But the longer the law of the land lags behind the actual situation, the worse it is for the law and for the country.

I think it is reasonable to say that the basic law in America has enormously favored the producing interest and has been extremely casual about the consumer. The law has declared that

a corporation has all the advantages of a human being. It has not yet declared that a human being has all the advantages of a corporation. The law for a long time held that a corporation manufacturing a patent medicine had an inalienable right to poison the buyer of that medicine, and the buyer, even if he is poisoned and recovers, has a very difficult time suing the manufacturing corporation for damages. The government brings suit against two hundred cases of poisoned salmon, but not against the manufacturer of the poisoned salmon. Even in the great enthusiasm of reform that accompanied the NRA, the consumer was tardily represented—and ineffectually.

We ought to be indignant about such things, but we ought also to realize that our indignation should be directed partly against ourselves. The laws favor the producing interest because for a hundred years we were building up a great productive system. A hundred circumstances conspired to create our industry and it is not surprising that the law was not always delicate and that justice was not always done. But, at the same time, and particularly in the last forty years, we have been creating a new thing in the world—a social system based on the importance of the customer—the man who buys and uses things. It is our business to adapt our political system to the same purpose.

It is not an accident that we invented the slogan, "the customer is always right." Being right is only the beginning. Slowly, but inevitably, the focus of our laws will have to be altered. The central figure cannot perpetually be the producing corporation; it will have to be the consuming individual. You can dramatize this conflict as a struggle between two sets of words, one in the Preamble and in the body of the Constitution and one in the Fifth and Fourteenth Amendments: "general welfare" versus "due process." Around these two phrases controversy has steadily gone on. In a recent argument before a Federal court a lawyer maintained that the general welfare had nothing to do with the welfare of the people, his idea being that it referred to the welfare of the government as something quite apart from that of the people. Another argument is based on the second appearance of the phrase: "The Congress shall have power to lay and collect taxes . . . to pay the debts and provide for the common defense and general welfare of the United States." The phrase is therefore taken to limit the power of Congress and not in any way to describe its duties. The Preamble, however, says that "We, the people of the United States, in order to . . . promote the general welfare . . . do ordain and establish this Constitution." That the general welfare had

something to do with the people would seem to be clear.

About "due process," argument has been more subtle. The first time it occurs is in the Fifth Amendment which provides that no person shall be "deprived of life, liberty or property without due process of law." The Fourteenth Amendment says that no state shall "deprive any person of life, liberty or property without due process of law." It was only after judicial decisions had given the same privilege to corporations that the full bearing of the phrase became clear. Then it was found that almost anything that Congress proposed to do which displeased a corporation violated the Amendment and, although his name is not so well known, Mr. John A. Bingham became more important to the defenders of property rights under the Constitution than all the founding fathers put together. It was he who wrote the phrase into the Fourteenth Amendment, intending it, he said, as a charter of liberty for enterprising Americans.

Whatever the fine legal points may be, the conflict between property and the general welfare is perfectly clear so long as property and the power which property brings are concentrated in the hands of a few people. In a country pledged to the capitalist system, which is based on private ownership of property, any attempt to challenge

the owners of property, in whatever they do, is bound to meet not only the violent reaction of the property owners themselves, but the sentimental objection of all those people who still hope to own property. The fact that certain properties were acquired by fraud and others by the operations of a government which threw away the public domain seems to have no effect. There was a time when the right of a man to walk up and down in front of a building was considered an encroachment on the property rights of the owner of the building. In recent months, the paradoxical situation rose in which thousands of workmen occupied factories. They were, therefore, guilty of either trespass or robbery. Yet, these same workmen did not challenge the theoretical right of the factory owners to their property.

When due process becomes a long delay of legal bickering, usually before courts whose training and experience make them favorable to the institutions of the past, the hostility between due process and the general welfare is made evident. It is latent in thousands of instances.

In the early days of the depression a case of extraordinary importance was brought before the Supreme Court. In the state of Oklahoma, there was a law which compelled public utilities

to get a certificate of public necessity. This meant that if you wished to erect a plant for generating electric power in a given community, you would have to prove that the community needed the light and that the existing facilities for supplying electricity were inadequate. Among these utilities Oklahoma listed the manufacture of ice. The law came before the Supreme Court and was thrown out precisely on the ground that it violated the due-process clause of the Fourteenth Amendment. A man who set up an ice-making plant without getting a certificate which proved the usefulness and desirability of the plant could not be compelled to shut down. Perhaps by establishing his plant he wrecked three others; perhaps competition would ruin both himself and his rivals; no matter what the effects of establishing such a plant might be, the law was held unconstitutional which demanded proof that the general welfare would be enhanced by the ice factory.

Mr. Justice Brandeis, dissenting, held that a single state had the right to make social experiments and the Court should be wary in exercising its power, "lest we erect our prejudices into legal principles." It would be interesting to know how the Court now regards this decision of 1932, and what its present opinion is of the comparative merits of due process, as applied to corporations, and general welfare, as applied to you.

WHAT DO YOU THINK?

	Yes	No
The poor spend more than the rich. Do you believe that?	<input type="checkbox"/>	<input type="checkbox"/>
Can the middle-poorer income classes destroy corporate industry by refusing to buy all but the vital necessities of life?	<input type="checkbox"/>	<input type="checkbox"/>
Is your actual power accurately reflected in your political power?	<input type="checkbox"/>	<input type="checkbox"/>
Would it be safe for you to disobey a law because a lawyer advised you that it <i>might</i> be declared unconstitutional?	<input type="checkbox"/>	<input type="checkbox"/>
Would you like to live in a society based on the importance of yourself as consumer?	<input type="checkbox"/>	<input type="checkbox"/>
Is "general welfare" more important than "due process"?	<input type="checkbox"/>	<input type="checkbox"/>
Should any man be allowed to manufacture ice, even if Hell freezes over?	<input type="checkbox"/>	<input type="checkbox"/>

X. "*Promote the General Welfare*"

EVERY FOUR years, at least, you are asked to define "the general welfare." The demand is not plainly made. Usually you are invited to choose between a number of things which are said to be "good for the country." But until you have a definition of the general welfare in your mind and know exactly how your private welfare is connected with it, you are not ready to fight off the attacks of the strong-minded and cold-blooded gentlemen who know all the answers.

We might get at the right answer for ourselves more easily if we set entirely aside all ideas of our duty to our fellow men. If your neighbor's child breaks a leg while you are walking down the street, your natural human impulse would urge you to pick up the child and carry it to a doctor or a hospital. If you hear that twelve children in a city a thousand miles away have

broken their legs, you may have an impulse of sympathy, but it is very unlikely that you will do anything. It is a shame to be always grossly materialistic about things, but there is a practical basis for your neighborliness. Some day your own child may have an accident and you would like your neighbors to help. When life was extremely difficult, every man in a small community helped every other man—and expected an equivalent return. Certain operations on a farm—mowing, corn-husking and putting up new buildings—were done communally, although not communistically. Every man needed the help of his neighbor. People coming from small towns to large cities deplore the lack of neighborliness which they meet. The reason for it is that the city man has not the same need for his neighbor, either for aid or for comfort.

If that is so, how do the lumbermen in Oregon need the cotton pickers in Tennessee and the shirtmakers in Troy, New York? How does a doctor in Des Moines need a corner grocer in Woodstock, Vermont?

To the disgust of high-minded people, the thing that connects them is money.

I have illustrated before the direct commercial connection. If half the people in La Porte, Indiana, Austin, Texas, and Philadelphia, who usually eat salad, cannot any longer afford it,

the pickers in the "salad bowl" of Salinas County, California, suffer; and if the lettuce pickers cannot buy shirts, the shirt-makers in New York suffer. Multiply these instances by millions and you get a depression. Extend the thing in time and you get a permanently low standard of living.

Whatever your profession or business or job may be, you are plagued by this necessity.

If you feel that all we need is to go back to 1926 in order to escape, there is this to be remembered: that the culmination of 1926 was 1929. Because the connections were not seen then, they are startlingly obvious now. In 1926 two million men were out of work, but that mattered chiefly to them. What mattered to all of us was that ever since 1921 the entire farming population was having a depression of its own and that in the high, wide, and handsome days of the Coolidge boom, the problem of the farmer was considered as a regrettable nuisance, affecting the farmer alone. An old German proverb says that when the peasant has money, everybody has money. It may be less true in America than in any country which actually has a preponderant peasant or farming population. But in America, when a total farm population of over 31 millions does not have money to spend beyond the immediate necessities of life, the business of sup-

plying comforts and luxuries and the entire commercial arrangements of the country are ultimately bound to break down. Ultimately. Temporarily, other people may have enough money to take up what the farming population fails to use.

In the Harding and Coolidge eras we had the spectacle, alarming to some people, of plasterers earning more than \$15 a day. Those plasterers did buy cars and radios and new furniture for new houses and kept industry going.¹ But in 1928 only some 4 million people had a net income of more than \$20 a week—at least, that is, the number reporting to the government; and even if one suspects that there was a 50 per cent evasion, that would leave 42 million workers or thereabouts whose net return was under \$20 a week and who supported families on that amount. They supported their families, but they could not support our industries. We had class welfare and we called it prosperity.

The consequences of this situation were concealed. We lent money in huge sums to foreign

¹ Those were times of great prosperity and the economists are still using the standards of that era to judge our present situation: How many cars were loaded, how much electric power was used, how much steel was ordered, and so on. I suggest that the economists change to a new series of democratic indices of prosperity—how many individuals have how much to spend over and above the requirements of keeping alive. A chart showing how much loose change jingles in how many pockets would tell more about actual prosperity than the backlog of orders in steel.

countries and they bought goods from us which the farmers and the low-income workers failed to buy. We carried installment buying to a high point, largely in connection with the basic motorcar industry. We borrowed money on mortgages and used it to buy tractors and home power plants. In the end, all these things caught up with us. If we return to 1926, which is not at all impossible in a financial sense, we are preparing for 1931 again.

The interdependence of the 130 million American citizens has enormously increased in the past few generations. One corporation, at least, operates in forty-eight different states—the telephone company. Ford and General Motors have plants scattered in all the main divisions of the country. The speed of transportation and better methods of handling have brought the vegetable gardens of Florida and California into the back yard of Chicago, Boston, and New York.

At the same time new methods of manufacture have broken down old monopolies. The largest cotton mill in New England goes out of business, and its work is scattered to all parts of the country. The rubber companies of Akron notify the city that, unless the labor situation is favorable, they can move elsewhere, and point to the fact that within recent years half a dozen other cities have been used as centers for the

manufacture of tires. So, cheap and submissive labor in the South has an instant effect on the living conditions in the Midwest and the North.

We have also become more dependent upon one another because our great industries have lost some of their markets abroad. The competition of other countries (which give subsidies for the export trade) has been one factor. Another has been the constant establishment of factories in the very countries which used to be our best customers. Japan, which was once a great buyer, has now become the most aggressive competitor in selling.

All these things put together are probably not so effective as the development of American industry itself. We have brought almost to perfection the system which demands for its existence a steadily increasing, a steadily more prosperous, buying population. So long as our factories could prosper by making a comparatively small amount of goods and selling them to a limited number of well-to-do people, industry simply did not need the support of the majority. The minute that ceased to be true, we could not afford to have citizens who were not customers.

Suppose we pass the direct buying power of the people at large and see how the thing works in another field. We pride ourselves on what we call universal education in the United States. About

96 out of 100 Americans over the age of ten can read and write in some language, most of them in English; about 16 million young people (aged seven to thirteen) were at school this year. Not all will become well educated, but they will all get the rudiments. We think it is only a fair thing to give every child at least a grammar school education.

The truth is that we could not afford to have a population half educated and half not. Part of the process of education is letting people learn what they can have in this world; it is telling them what to want, what to work for, and what to buy. A vast mass of entirely uneducated people drags the country, or part of the country, down in the social scale. The South is fighting to overcome precisely this condition. Moreover, the uneducated respond differently to political appeals. They are the followers of demagogues. If our country is to be prosperous and stable, education is necessary. We may consider ourselves generous in supplying education, but we are only protecting ourselves, because we cannot afford the ignorance of others.

It would never occur to us that the country was on a sound basis if half the population were tubercular or weak-minded or suffering from nervous breakdowns. The moment a communicable disease is spotted, all our forces of protection are

brought into play. We depend too much on the health of other people to take any chances.

What we have learned—far too late—is that poverty is a communicable disease.

That is the practical basis of those ideas on the general welfare which are now being formulated in many minds. When Lincoln said no nation can exist half slave and half free, he was stating a profound economic truth. The difference in the wage level between the slave and the free worker was dislocating the industrial system; moreover, the plantation was not so good a customer as the homestead. Ever since Charles and Mary Beard published their *Rise of American Civilization*, it has been common to consider the Civil War as the triumph of the Industrial North over the agrarian South. The reason the North had to triumph was that the slave system, extended or continued, would have diminished the number of customers for Northern manufacturers and eventually have wrecked industry entirely. As the South lagged behind after the Civil War, the sharecropper and the tenant farmer have become as grave a menace to productive industry as the slave ever was. Slavery had to go; the poverty which took its place must also go.

If we accept the idea that no section of the country can be permanently prosperous if other

sections are permanently impoverished; if we agree that the people on the farms cannot make a decent living while the people in the mills and the factories live poor and narrow lives; if we see that bank clerks and doctors and teachers cannot forever depend on the prosperity of only a part of the population; then we have to discover whether there is actually another way to provide for the general welfare without at the same time destroying our customary liberties.

I do not propose to describe here all the different systems by which prosperity has been guaranteed to the people. The most important ideas on the subject are those of the engineers. The survey made by the Brookings Institution is thoroughly conservative. Mr. David Lawrence, a nimble opponent of the New Deal, has called the Brookings reports comparable in value to the famous work of Adam Smith in 1776. One of the largest advertising agencies in the East sends out a condensation of the reports to its clients. Businessmen all over the country accept the conclusions as being beyond argument.

The first conclusion as stated by Harold G. Moulton, President of the Brookings Institution, showed that without making any fundamental changes in the methods of industry or in the management of industry, we have a way "of bringing the incomes of all the lower classes well

above the \$2,000-per-family level." That is, merely by using our plant and labor to the best possible advantage. There have been more extravagant promises—as high as \$20,000 a year per person—and some of these have been based on fantasy and some on the still unmeasured capacity of new inventions and new methods of industry. But if we take the extremely conservative judgment of Brookings Institution, we find that the income of several million families would be actually doubled and the incomes of 16 million families—60 million people—would be substantially increased.

This means that 80 million people would be better customers for more things. Some of these 80 million would only be better customers for ice cream cones and some for the services of sanitariums. But as the old would die and the young grow up, you would have more and more people accustomed to easy spending, demanding everything we could make and keeping our business economy going.

I put this first because the natural question you ask is, where are you going to get the money to give everybody more income, to make them better customers? The answer of the Brookings Institution is not primarily expressed in money terms. It says that we can make the telephone instruments and copper wires and steering gears

and clothing and bricks and glass and everything else which would be needed to supply the wants of the people of the United States when every single family has an income over \$2,000 a year. There are a dozen ways of juggling with money, and some of these ways make money virtually valueless. But when you take coal and copper and steel and cotton and wood and wool and dozens of other commodities and make out of them things that people want to use, you are side-stepping all financial juggling and are creating wealth.

If your income is now above \$2,000 a year, you may slide back into the fatal habit of thinking that this does not concern you. It concerns you because your \$5,000 or \$10,000 or \$20,000 a year absolutely depend on the incomes of others; and the course of the last seven years has amply proved that you cannot count permanently on your \$20,000 if the other 30 million families get less than \$40 a week.

I said above that by applying labor to raw materials we create wealth. I did not say that we create profit. Suppose you have some railroad bonds, some stock in a motorcar factory, you are interested in profit; if you are running a specialty shop or a small department store, you are interested in profit; if you are a broker or a doctor or an advertising man or the vice-president of a

bank, whether you work for an annual salary or for fees you yourself determine, you are still concerned with profit.

Therefore, it is interesting to note that the moderate proposals of the Brookings Institution do not involve the destruction of the profit system. Mr. Moulton specifically says that this increase in production can be made "under prevailing techniques and schemes of industrial management." And then he goes on to show what the consequences of this increase would be. According to Mr. Moulton, even in the best of times we fall short by 20 per cent of utilizing our capacity to produce. By closing this gap, he says: "We should be progressively reaching over the old limit of productive capacity, tapping new sources of efficiency, unleashing forces of progress which come to action only as the prospect of profitable use becomes clearly discernible. As this dynamic situation is attained, suppressed patents are brought to use, new inventions stimulated, obsolescent machines displaced by others of more efficient character. Then integrated processes and mass production may move forward as the engineer lights the way and labor-saving machinery may be introduced without fear that workers will starve."

I break Mr. Moulton's statement before it ends because this moderate and reasonable objective

ought to stand by itself; we ought to understand how desirable it is before we come to the price we have to pay for it. There it is: our machinery and our technical methods are so good that if we use them intelligently, we can provide every necessity of life at a fairly high level to every single man, woman, and child in the country; we can, in our stride, merely by doing this, set free tremendous productive forces. It is not part of Mr. Moulton's argument in this place to add what all of us must instantly see: that by doing this, we remove the first cause of social unrest, we actually make good on the ancient promise of democracy, which is to offer the chance of a decent life for every citizen; we reinsure ourselves against the recurrent disaster of depressions and establish political democracy on a firm economic basis. I think these are all reasonable results from the premises.

The two main divisions of the Brookings survey were the natural ones—production and distribution. In the first, a 20 per cent fault was found in production, a gap which can easily be made up. On the other side, the percentages were more alarming. It was found that in 1929, 23 per cent of the national income went to 1 per cent of the people. That is, if \$100 were distributed among 100 Americans, one of these Americans would get \$23 and the other 99 would have to divide \$67,

getting on an average 68 cents. We have to avoid the two kinds of moral fury which such figures usually engender. There is the moral fury of those who say that the one American was worth or entitled to or earned the \$23 and that the other 99 Americans were ne'er-do-wells, incompetents, and probably misled by foreign agitators. The other kind of moral indignation asserts the heaven-born right of every man to have as much as any other man and denounces the citizen who gets the \$23 as a robber and a grinder of the faces of the poor.

Mr. Moulton's report correctly avoids both of these. His point is that the 99 men with 68 cents each were incapable of keeping the factories running and that the one man with \$23 became a positive menace to the same factories. The families whose incomes were below \$100 a week wanted and, "according to any good social standard," *needed* the product of our mines and fields and factories. At the same time, the incomes of the rich were found to be "going in large proportion to savings . . . strongly augmented by others impounded at the source by corporations through . . . corporate surplus. These savings, after providing for such increase of capital goods as could be profitably employed, we found spilling over into less fruitful or positively harmful uses, ranging from foreign loans (bad as well

as good) to the artificial bidding up of prices of domestic properties, notably corporate securities.”

The conclusion of the Brookings Institution is that the basic defect or maladjustment in our economic system “is to be found in the way we conduct distribution of income.” The principal recommendation made in the report will not, however, frighten anyone except the man who gets \$23 of the \$100.

Even that lucky individual need not be panic-stricken. There seems to be a general agreement that confiscating wealth might satisfy a spirit of revenge, but it would not satisfy the needs of the country. Even a mathematically equal division would leave millions below the level at which they could be good customers. The real reason for preventing the vast accumulations of money in a few hands is that such money is not wisely and productively used.

Income is distributed in many different ways: wages, profit sharing, pensions, taxes, and so on. If the government takes part of the tax money and builds a swimming pool, your income is increased, because you do not have to pay twenty-five cents to the owner of a private pool. Your income is increased by every public-health service which reduces the number of your visits to a doctor. It is increased by public libraries sup-

ported by the state, because they save money on books. Your income is increased by good roads, which save wear and tear on your car. Your income is increased by free band concerts given by your city; it is increased by playgrounds and by every public service which you use. It is a concealed addition to your income, because you probably feel that if the free services were not available, you would get along without them. But try to imagine living without a free water supply and you will see that if the government uses its taxes wisely, it is definitely increasing your income.

Direct taxation hits comparatively few people, and I have suggested before that the indirect and unseen taxation is equally important. Whom to tax, how much to tax them, and what to use the taxes for are the complicated problems which come up when taxes are considered and means for redistributing income.

A direct distribution of income is made by wages and salaries. If wages go up while the cost of living does not, you can have the satisfactory feeling that income is being well distributed. This happens so seldom that it is hardly worth considering as a permanent possibility. The moment a wage increase is announced, a new price policy is usually set into action and the prices usually outrun wages. [From January 1935

to January 1937 the cost of higher wages in six essential industries was 2 per cent and prices jumped from 3 to 10 per cent.]

Moreover, raising wages does not affect all classes at once. The highly organized men in essential industries may get higher wages; the result is usually a much higher rise in the cost of the goods they produce—which is not the fault of the men—and the consequence of that is that if you do not happen to be organized, if you happen to be on a fixed salary, your cost of living rises. The number of organized is very small and, although it is increasing, tens of millions of workers do not share in a wage increase which affects only the organized. Nor has it been found possible to keep the farmers' income going up in the same way.

The conclusion to which the Brookings Institution came is that the best way to redistribute income is to lower prices. The arguments in favor of this are impressive. Lower prices in a country which is accustomed to a universal single price, with no bargaining or rebates, would mean that the farmer, the shoe clerk, the salaried man, the unorganized laborer, would benefit, as well as the organized laborer or the lucky individual who got a raise in pay. That is the advantage of lowering prices as opposed to raising wages, since the latter does not operate equally.

Lowered prices would also fall in with the general idea that the important thing is to bring the great nonbuying population into the field as good customers.

The benefits of new inventions and new methods would in this way be distributed to the entire population and the terror of the machine which throws men out of work would to a considerable degree be moderated.

Mr. Moulton also says that "a progressive lowering of the price of commodities strengthens a nation's competitive position in foreign markets." Whether we desperately need or seriously want a competitive position in foreign markets is a separate question, but we can take the experts' word for it that "success in international competition will in the long run depend on productive efficiency" toward which lowering the prices contributes because it keeps our productive plants busy.

The revamping of a price policy "does not destroy the profit motive nor jeopardize the winning of such profits as are necessary to . . . make possible the necessary improvements in plant and equipment. To seek the acceleration of economic progress by price reduction is not to attack the system of private capitalism, but rather to return to the very logic on which that type of economic organization was justified . . . "

Not all economists accept this method. There is a long-standing principle that a high price level indicates prosperity and that a low price level foreshadows the coming of a depression. Perhaps many economic rules like this one are based on a system of production which we have left behind—a system which made money because goods were scarce, and high priced, and meant only for the pleasure of a comparatively small number. Perhaps the way we run our factories and the way we buy and sell things have created new economic axioms which have not yet been formulated, but have to be worked out in practice.

I have given so much space to the thoughtful conclusions of a conservative organization, not because they represent a final and complete solution of the problems of the general welfare, but because there is almost no weighty opposition to the analysis from which these conclusions spring. Mr. Ogden Mills, who was Under-Secretary of the Treasury during the regime of Hoover and Mellon, and Mr. A. A. Berle, Jr., one of the original members of President Roosevelt's Brain Trust, may have been political enemies and have had purposes mutually hostile; both of them declared in favor of the creation of new wealth, to "level up far more than to level down," and against the sharing of poverty.

Who stands against such a solution of your problem? (It is your problem whether you are above or below the \$2,500 annual income level, which is a rough approximation of the general goal.) Several groups of people are opposed to it. There are those who believe that the capitalist system is doomed and nothing is to be gained by prolonging its death agonies. Any improvement which would raise the incomes of 30 million families to a higher comfort level would be offensive to these people, because it would ruin their prophecy, muffle their propaganda, deprive them of their followers, and so take away the reason for their existence. These people say that the capitalist system cannot distribute income satisfactorily because it has got itself wound up in such a way that income must be more and more concentrated and there is no way to reverse the process.

On the other side, there is an equally small but much more powerful group which enjoys enormous advantages in the way things are running now, which assumes that all our troubles are merely temporary and the result of unnecessary agitation, and simply expects to go on enjoying the luxury of wealth and power at no matter what expense to 95 per cent of the people of the country.

The system of increasing production leaves a great deal in the hands of individuals and those who want to aggrandize the power of the government will not be happy over it. In themselves all proposals of increase are really complicated; they require study; you cannot add a blanket 20 per cent for shoes and vacuum cleaners and air-conditioning machinery and fountain pens and whole-wheat bread. In some we may need more, in some less. The actual needs and the practical capacity for satisfying them both have to be determined and the results will in some way have to regulate our industry. But a bureaucratic government that is bent on destroying individual enterprise will not take kindly to a scheme so comparatively independent of the central power.

The most favorable aspect is this. The telephone company could ask nothing better than 200 per cent increase in the number of telephones used on the farms, not to speak of more telephones in the cities. Manufacturers of bathtubs would have no objection to selling them to the nine out of ten farmers who now do without them; and the tubs would require running water, the equipment for which is lacking in eight out of ten farmhouses—not to speak of tenements. Even the manufacturers of motorcars, with all their millions of vehicles, would be glad to see

the saturation point move forward into the distance. To all of these and the owners of steel and copper and iron mines, who depend on them, to the hundreds of manufacturers of building materials, to every industrialist who has something to sell to a great number of people, the prospect of going to work without "the menace of overproduction" is the happiest omen in years. Not all of them could take immediate advantage of such a change in the economy of the United States. Not all of them can see clearly the way to make profit; and some are terrified by the thought of high wages or high taxes; a great many are still living mentally in the era of scarcity, which means production for the few. In certain sections of the country there is a positive fear of letting prosperity in; the uneducated, the sharecropper, the foreigner, the Negro must not be allowed to have plenty of money to spend; he must not become a good customer.

The machines will not stand still. They did not stand still when they were putting men out of work and producing more than the people could buy. It is unlikely that they will stand still when they could put men to work and create buyers for what they produce.

What can you do about creating this new prosperity in the United States if you want it?

It is the only substantial proposal which does not overthrow the present system, but fortifies it; it increases the general income with, at the worst, only a small decrease in the highest incomes and virtually none in the middle ones; and it interferes less with human liberty than any of the spectacular and detailed systems of planning or of dictatorships. It is not a panacea or a complete blueprint; it is a general objective toward which the middle class can work, without losing its character and identity, without becoming the hangers-on of a plutocracy or the victims of a proletarian upheaval.

If that is worth having, what is the next step?

Probably the first thing is to realize that, in spite of a vast publicity, 90 per cent of your legislators, 90 per cent of your bankers, 90 per cent of your factory owners do not even know that such suggestions exist. It would be a new thing for you to make news for your Congressman; you both will probably be startled; but it will be good for you both. I can think of nothing more valuable than this simple and inexpensive procedure; buy for twenty-five cents a little book called *Income and Economic Progress* by Harold G. Moulton, published by the National Home Library Foundation, Washington, D. C., from which I have been quoting. Send a copy to the Representative from your district and to your

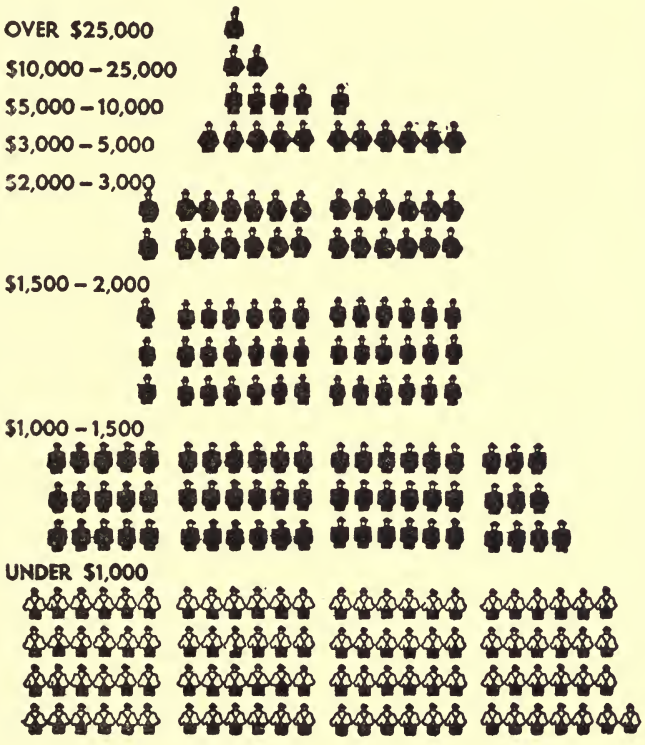
Senators. At the same time send a covering letter, saying that the little book is not a tribute or a gift, but a challenge. Get 500 or 1,000 individuals to sign a letter to your Congressman, saying that before the next election comes up you will demand of him a report on this book—an analysis of its contents, which any man of moderate intelligence can make, and a statement from him as to what he proposes to do about it. If your Congressman cannot read, you may buy for fifteen cents a smaller booklet full of animated little drawings, giving some of the same facts with some more radical conclusions. It is called *Rich Man, Poor Man* and can be bought from the Peoples League for Economic Security at 124 East 40th Street, New York City.

Two sentences from this second book are as follows: "Our country is rich. Our men and women are poor." Inform your Congressman that you will let him off his laborious duties in protecting the special interests of your district for three months if in return he will take the trouble to discover how rich our country is and how poor our men and women are; and if he will come down to you and explain how you can continue to be prosperous if two thirds of the families in the country have less than \$50 a week.

By the time this is printed, President Roosevelt may have made more specific his plans for the

AVERAGE INCOME IN 1929

EACH FIGURE - 200,000 WORKERS



Reprinted by permission from "Rich Man, Poor Man," by R. C. and O. P. Goslin, (Harper & Brothers.)

redistribution of income. You will then have something specific to say to the district leaders and county and state bosses who have elected your Congressman. The President has indicated that his plan will be based, at least in part, on the work of the Committee on Economic Security, and this committee reported that at the very height of the boom, nearly half of the American workers—"gainfully employed"—excluding farmers, had less than \$20 a week. In some families more than one person was employed; on the other hand, during hard times the employed ones got much less than \$20 a week.

You may, if you choose, bring out the fact that on \$20 a week families could not buy the amount and variety of food which by the strictest computation are essential to good health. But whether you do this or not, be sure to point out that, if they could not buy enough to live on, they certainly could not buy enough to insure *your* prosperity. Note that for the unsanitary dark quarters in which such people live they pay a disproportionate share of their income; the families in Chicago who were found to have somewhere between \$250 and \$500 a year paid out nearly three quarters of this for rent. Point out to your Congressman that this leaves very little for radios, washing machines, electric toasters, and clothes.

Note that in the United States there is a vast clothing industry. To produce men's suits alone in 1929 150,000 men were employed, earning about 180 million dollars, and what they made was worth nearly a billion dollars; and that, of course, did not count the numbers of those working on the raw materials, but only the actual people in the clothing shops. If we put with this the note that "the representative wage earner's family spends about twelve cents out of every dollar for clothes," this means that the husband must make a suit last about four years. Ask your Congressman what his opinion is on the result to the clothing industry if the average wage earner could buy a suit a year. Ask him what he thinks would be the consequences to all the people with whom the textile workers do business. If you live in a silk-stocking district, you might note that only five out of ten people get any sort of service at all from a physician, that eight out of ten never see a dentist and that nine out of ten never get a physical examination, which is known to be among the best preventives of illness.

If the President's proposals for a redistribution of income are withheld, get to work on unofficial proposals. Remember that wild and extravagant as the promises of a demagogue may be, they have one excellent effect: they compel responsible

statesmen to head off the impractical by the practical. Sometimes this may be a mixed blessing; but there is no doubt that the impetus toward social security came in part from necessity, in part from the experience of other countries, and in part from the fantastic promises of Huey Long, Francis Townsend, and Father Coughlin.

We have been sitting still and taking what our executives and legislators handed to us. We might for a change demand of them that they do what we want. The right to initiate legislation cannot be withheld from you if you insist upon it.

If the President's proposals are made public, you may be sure that they will be analyzed with passion, if not with precision. Part of the job would be to see whether the general tendency is to increase production, to increase real income, before distribution sets in. A proper practical system of increasing the general welfare may include more production, high wages, more taxes, particularly to divert corporate surpluses into the stream of commerce, and low prices as well. It will be up to you to determine whether such high taxes as fall upon you will be compensated for by a larger turnover in your business or more clients in your profession or better salary in your job, all rising out of the higher

level of income to the country. You will have to decide whether avoiding farm holidays and strikes in the mills and lockouts and the cost of labor spies is worth something directly to you, if you are among those whose immediate dollar incomes may be reduced.

WHAT DO YOU THINK?

- | | Yes | No |
|---|--------------------------|--------------------------|
| Can you divide your special welfare from the general welfare? | <input type="checkbox"/> | <input type="checkbox"/> |
| Can you earn a prosperous living in a community with a low standard of living? In a nation? | <input type="checkbox"/> | <input type="checkbox"/> |
| Do you know on how many people your own prosperity depends? | <input type="checkbox"/> | <input type="checkbox"/> |
| Do you believe that poverty is contagious? | <input type="checkbox"/> | <input type="checkbox"/> |
| Can we have liberty as well as general welfare? | <input type="checkbox"/> | <input type="checkbox"/> |
| Is a general level of \$2,000 a year too much to hope for? | <input type="checkbox"/> | <input type="checkbox"/> |
| Is wealth different from money? | <input type="checkbox"/> | <input type="checkbox"/> |
| Can we distribute wealth by modifying, and not destroying, the profit system? | <input type="checkbox"/> | <input type="checkbox"/> |
| Is high concentration of income in a few hands a blessing to the country? | <input type="checkbox"/> | <input type="checkbox"/> |
| Would you rather have high wages than low prices? | <input type="checkbox"/> | <input type="checkbox"/> |
| Are you in favor of "leveling upward"? | <input type="checkbox"/> | <input type="checkbox"/> |
| Can your Congressmen read? Think? | <input type="checkbox"/> | <input type="checkbox"/> |

WHAT TO DO:

The suggestions made in the text, to send copies of two simple booklets to Congressmen, should be only a beginning. Perhaps the big businessmen of your community will be more impressed if you introduce them to Dr. Moulton by way of the pamphlet issued by J. Walter Thompson Company, 420 Lexington Avenue, New York City.

And, of course, read what you invite others to read.

XI. *What Is Urgent?*

IN THE late winter of 1937 the National Economic League, with headquarters in Boston, named thirty-six problems facing the American people and sent them to 517 "leaders of American civic and professional and business life," asking them to list the problems in the order of importance. Through the courtesy of the League, the results of this poll are here reprinted.

The pool is overweighted geographically, because almost half of the 517 leaders came from Massachusetts; among these there are distinguished educators, merchants, doctors, economists, and diplomats, and a good representation of financiers and industrialists. The list of questions itself is fairly inclusive, although some of the terms are so vague that you cannot be sure whether certain problems were included. For instance, under education there is no special mention of academic freedom, and under democracy no special mention of civil liberties, al-

though this might come in under the advantages and defects of a capitalist system.

Nevertheless, this list probably covers in a broad way most of the urgent problems about which Americans are thinking or should be thinking and it is interesting to note which problems were considered most important.

The vote was taken during a period of violent industrial disputes and labor relations easily comes off first. The next two are financial problems; the vote on the Federal Constitution obviously reflects the passionate interest of the entire country in the proposed reorganization of the Supreme Court, and the next subject, crime, has recurrently been in the minds of thoughtful citizens.

It is only when you come to the sixth most important problem that you get a general principle. The problem as stated was in effect an argument in favor of informing and uniting public opinion to establish sound economic and political order. After two further financial problems, the same general principle again comes up under the heading of Democracy, where a question—What can be done?—takes the place of an argument.

It is interesting to note that the tenth choice—Industry—was defined to the voters in considerable detail; it included the relation between government and business, the establishment of

Paramount Problems of the United States for 1937

As selected by preferential vote of the National Council of The National Economic League.
(The vote was taken in February, 1937.)

<i>Number of Votes</i>	<i>Subjects</i>	<i>Comparative importance of subjects</i>
955	Labor. Industrial relations; control of labor unions; employment, wages, hours, organization	—————
914	Efficiency and Economy in Government. Federal (328) State (253) City (249) County (221) Town and Village (171)	—————
759	Taxation. Unification, equalization, reduction, duplication; sales tax, etc.	—————
660	The Federal Constitution. States' Rights; Supreme Court	—————
614	Crime. Breakdown of law enforcement; juvenile crime	—————
517	Public Opinion and Public Sentiment. The need of adequate non-partisan activity under democratically chosen leadership to inform and unite public opinion and public sentiment, as the only power that can reach and enforce agreement for the establishment of a sound and stable economic and political order.	—————
489	Federal Budget and Finances.	—————
450	Monetary Policy.	—————
449	Democracy.	—————
394	Industry.	—————
371	Prevention of War.	—————
361	Merit System in the Civil Service.	—————
330	Capital.	—————
311	International Co-operation.	—————
300	Unemployment.	—————

standards in wages and hours, balanced production, and "stimulation of capital goods industries." Almost at the end of the list stood equitable distribution of national income. The word "equitable" may have been a little confusing. To some people it is still a synonym for "equal." Nevertheless, over 900 votes were cast for economy in government; 750 marked taxation the paramount problem; and less than one hundred gave place to the general problem of the distribution of the national income in the way which would best serve the general interest. One would have to assume that at least four fifths of the leaders of American industry and finance were of the opinion that twenty-nine other problems (including the control of liquor) were more important for the future of America. Industry, which creates wealth, was considered in the first ten problems; the distribution of wealth came in after twenty others.

Of the first eight problems, half are fiscal or financial. One is judicial, one deals with the organic structure of the nation, one with labor and one with the people as a whole.

It is interesting to note how certain problems slip down almost to oblivion. A similar vote taken in 1931 would probably have brought speculation near the top. It is now thirty-sixth in a list of thirty-six. Mortgage relief for farm-

and home-owners and banking and credit are far down the list, probably indicating that the voters considered these problems either solved or on their way. Child labor is twenty-seventh—lower on the list than liquor control. About halfway is the problem of public utilities, the whole question of regulation and ownership and competition by the government. It is just one point higher in the list than the conservation of soil, minerals, oil, water power, forests, etc.

The time element is important. The voters were asked to list these problems by the degree of their urgency "at the present time." Obviously, if you were considering the distant future of the country, the question of population would easily come first and all those problems dealing with the health of the people and conservation of their natural resources would follow directly. And so you would have housing and education, agriculture, natural resources and land, and public health among the basic problems. If you assume that the democratic system of government can protect these things better than any other, you would place that next, but if you believe the capitalist system must be modified and reformed and improved in order to protect democracy, that problem with the associated problems of social security, unemployment, public opinion, and a more desirable system of the distribution of the

national income would follow. In the present world situation it would be necessary to give early consideration to prevention of war and the relation between national defense and international cooperation.

Putting all these things at the head of your list might give you the feeling that you had established a basis upon which industrial relations could be built. By this time you would have developed an "economy" the purpose of which would be the health and well-being of the citizens. This would require, according to our standards, a large and balanced production. With that assured, the questions of wages and hours and labor organizations would have to be worked out in the way which contributed most to the general welfare. To let problems be decided by a tug of war between two sets of private interests would be utterly inconceivable after the other problems had been studied.

At the beginning of this book I listed some of the obstacles to clear thinking for your own good. One of the greatest of them is the dreadful urgency of events from day to day. In the West Virginia coal mines a strike is called, violence is provoked or breaks out spontaneously, and perhaps the governor of the state calls out the troops either to put down the strikes or to close the mines. Here is a daily battle involving your

direct prosperity, it also involves rights and privileges, and perhaps alterations in the fundamental law. Meanwhile, men are being clubbed or shot, property is being destroyed, the streets are full of rioters. Is this any time to consider the basic problems of the coal industry, the over-exploitation of some mines, the backward development of others, the future of coal in connection with oil or water power? A war breaks out in Europe and we are bombarded, not with the shells, but with propaganda. Can we think out all the implications and consequences of neutrality at that moment? Can we even state clearly what neutrality means, or when legal neutrality actually gives aid and comfort to one belligerent who happens to be favorably placed?

Prominent men, in the comparative quiet of their studies and offices, put the labor problem first; whereas, natural resources *upon which all labor is based* comes halfway down the list, after a dozen problems of administration, method, and technique. If these people are swayed by emotion and carried away by the day's events, what chance is there for you and me to be detached and thoughtful? There is a slim chance if we might acknowledge that labor troubles break into violence because sound principles governing the relation between employer and employee were not thought out when we did have leisure and

peace of mind. They break out also because the waste of our natural resources has impoverished a substantial part of our population; because the warnings about soil erosion and the danger of floods and the destruction of our forests and the misuse of our farming land were not considered at the proper time. The general wealth has decreased. We have had a long depression and the uprising of labor now seems to those in power like a revolt against civilization. Because we have held back from creating a reasonable and satisfactory basis for negotiation between labor unions and employers, we get strikes; but we get strikes also because we have not solved the problem of decent and sanitary housing, the problem of social security, the problem of the satisfactory distribution of income, and the problem of child labor.

Take a less dramatic question: taxation. A bill is offered in Congress for an increase in the super-taxes or for a tax on corporation surpluses. Instantly the air is full of objection and counter-objection. There is no time to work out the principles of taxation then. You have to move back through a long series of events to discover that no firm principles of taxation for the general welfare have ever been worked out, not even in those happy days when taxes on high incomes were reduced because the Treasury was so rich.

It is an old axiom that hard cases make bad laws. It is also true that crises make bad laws and those laws have an unpleasant tendency to hang on—usually because they are to the advantage of certain interests. Crises make for bad thinking also; they are overcharged with emotion and prejudice; and those who bring on crises take good care that the facts should not be presented to us, while they take equally good care that every possible means of rousing hostility should be used. Nevertheless, we reserve our admiration for those who can keep cool in a crisis.

This may not be the best time for thinking, but nothing else will do us any good.

XII. <i>Their Crime and Your Punishment</i>

IF YOU will look again at the list of Paramount Problems, you will see that, with one exception, all of them are controversial subjects. The exception is crime. Let us, therefore, take that one because it is easiest to handle, and see whether thinking about it can do any good. We are not in the midst of a crime wave and most of us have a fairly detached attitude toward the subject, being neither criminals nor, so far as we know, the victims of criminals.

The data on the subject are easily available. You can discover how many crimes are committed every year in the United States. According to Mr. J. Edgar Hoover, there are 1,500,000 violations, major infractions and crimes "worthy of penitentiary punishment" per year and they are committed by 3,500,000 criminals¹ "actively at work in this country." This omits millions of

¹ Say, one criminal to every fifteen families.

petty crimes, small thefts, and the like, and, naturally, millions of petty criminals. There are 200,000 criminals in jails and 300,000 more are wanted by the police. According to Mr. Hoover again, "700,000 youths of twenty-one or less have engaged in some kind of infraction."

You can also get exact figures on the direct cost of crime. The administration of criminal justice (police, prosecutors and courts, jails, probation, etc.) costs nearly 850 million dollars a year, and the losses due to crime are considerably over a billion and a quarter, so that the total direct cost of crime is over two billion dollars. The indirect cost of crime is, of course, anybody's guess—and one of the guesses is eighteen billion dollars a year. If the total cost is only four billion, it runs to \$100 for every family in the United States—constituting over one fifth of the total incomes of several million families, more than they pay for all the clothes they buy, or the education they have, or the movies they see, and all the fun they get.

You can discover, within degrees, what kind of people commit crimes—whether most of them are foreign born, went through high school, are of normal intelligence, were well brought up, contracted venereal disease, come of impoverished parents, lived in the country or the city, had religious training, knew a trade, etc.

You can find out what happens to criminals—how many are paroled and go straight, how many are paroled and revert to crime; how many are not caught at all, how many are brought to trial and beat the rap, how many serve out their sentences, and how many get off because of good behavior. You will find a great many of these facts in Courtney Ryley Cooper's book, *Here's to Crime*. To condense a few of his statements: The criminal has four chances out of five not to be arrested and two chances out of three to escape conviction if he is brought to trial and an enormous chance of not serving out his entire sentence. According to Mr. Cooper, the average time spent in jails for *homicide* is only forty-three—*months*.

You will also be able to discover the pay of policemen, detectives, and other officers of the law and to make a guess as to whether this pay is sufficient to keep them from such temptations as criminals may offer. All these facts can be brought out before you. They will make a good beginning.

It would be a little harder to trace the connection between crime and the law which is supposed to prevent crime. You will have to read unpleasant accusations against people of the highest respectability. You will have to follow intricate cases of bribery and may discover instances in which police officers and, possibly, attorneys and judges

have used law to defeat justice. You will find cases of intimidation and racketeering; you will find instances in which "known criminals" have been set free dozens of times; your investigations will take you pretty far.

You can get also the data on the punishment of crime, with many variable guesses on its effectiveness. And, finally, there will be another question: Who gets any advantage from crime and who prevents the stamping out of crime?

According to Mr. Cooper, you have only one chance in four of living the average life span without being the victim of a serious crime, from robbery up to murder. Put another way, this means that one member of your immediate family will be the victim of such a crime. That is the average. And the more prosperous you are, the more certain you are to be paying the crime bill. You pay it in taxes, you pay it on the check in a restaurant, you pay it in your laundry and dry-cleaning bill, you pay it in your insurance on your car or on your household goods and you pay it as much as anything in the insecurity and fear through which you live. That constitutes your vital interest in discovering why crime exists, who makes it possible, who gains by it (outside the criminal), and how it can be prevented.

In a rather dramatic way J. Edgar Hoover has said: "Rid America of the renegade politicians

and you rid America of crime." More somberly he asks us to rid police departments "of the activities of persons who desire them to be ineffective and inefficient." The two things actually go together. The renegade politician, the one who "does favors" and is interested in the gambling houses or in the slot-machine racket—that same politician is kept in office by powerful individuals often representing the private interests of merchants, real estate owners, and other men of property. If the connection is not so direct, it can be made on the other side—the renegade politician sits in office because respectable people do not take the trouble to turn him out. *It is definitely to the advantage of certain groups that the police should be underpaid and kept inefficient.* It is to your advantage—you think—that the traffic policeman can be bribed not to give you a ticket for passing a red light; and if he does the same thing for someone else, what's the loss? until by passing a red light someone runs you down and breaks your head. It is to your advantage that an indulgent district attorney's office lets a gambling house run on the property which you have leased, with the best intentions, as a restaurant—and the advantage continues until the entire street is populated with bawdy houses and goes to ruin. So long as this sort of advantage continues, the general public is paying the cost of crime and, as

Thomas Paine said of corrupt government anywhere, "we furnish the means by which we suffer."

In thinking about any current problem, you ought to arm yourself with the arguments on both sides. But the last defense of vice was published several centuries ago. Bernard de Mandeville, who wrote *The Fable of the Bees*, made the suggestion that private vice might turn out to be to the public good. This will not help you very much now. About crime we feel, or pretend to feel, as the preacher in Calvin Coolidge's story felt about sin—he was against it. Any editorial writer, afraid to take issue on a subject of importance, can safely fill a column with an editorial against crime. William Allen White once said it was no longer safe to attack anything except the man-eating shark, but crime comes a very close second. There is no propaganda in its favor; racketeers do not take time on the air or space in newspapers to expound their services to you; even the movies are bold enough to attack crime; and yet the actual facts—outside of statistics—are hidden from us. We cannot bring ourselves to believe that the entire Federal government and the governments of several states were impotent for years in the face of the murders and rackets of Al Capone. Either the laws were insufficient, in which case the legislatures were to blame; or the

execution of the laws was hamstrung, in which case the officials were to blame. (And, of course, if public sentiment supported all this, then you were to blame.) In the case of a crime of passion or such highly individualistic exploit as a kidnapping not done by a gang, it is always possible for the criminal to escape. (More than possible here; very few escape in England.) In the case of organized crime, publicly known to exist, there can be no question of the incapacity of police power. *Criminals flourish because it is not sufficiently to the advantage of influential people to put them down.* Even if they do not derive a direct profit from criminal operations, they are unwilling to pay the price—in time and energy—of putting an end to crime.

They pass the price on to you. Again, as always, you have paid and you are paying again; as always, the power ultimately does come back to you. You can break the connection between crime and politics. If you are thirty-one, you have already paid \$2,000 as your part of the crime bill; if you are forty-one, you have paid \$4,000. The cost of crime since the end of the World War would pay off the entire national debt, including every cent of the deficit which followed the depression. With what you have paid for crime in the course of your adult life you could probably

take a vacation for an entire year and still have money left over for a new car.

If you would like to have fifty-two weeks' vacation with liberal pay, or the sum of \$5,000 in tax-free bonds handed to you ten years from now, you might find it financially profitable to discover the actual sources of crime and the practical means of crime prevention.

XIII. *Dust and Ashes*

THE HOLIDAY you have paid for and did not get because of the destruction of the fertile lands in America might not be so long as the one of which crime has deprived you. The annual money loss by soil erosion alone is 400 million dollars. You figure it as a loss carried by the owners of the land, and what is it to you? In the last ten years, four billion dollars have been lost and there is no way of proving that you have paid your proportionate share. The whole question of conserving our natural resources is so distant from us that, as you have seen, it was placed eighteenth in a list of thirty-six paramount problems. In spite of dust bowls and floods and the destruction of topsoil, we have all had plenty of bread and asparagus and potatoes and strawberries. That is, of course, not true; but the chances are that nine tenths of the readers of this book have not been aware of any limitations in

their diet because the country has been losing its prime resource—the land.

We have to get back to the statement, so often repeated, that when you withdraw a billion dollars from the buying power of any group, you affect the selling power of other groups and thereby limit the productive power of a third lot and eventually diminish the actual wealth of everyone.

The mere size of the United States would make us indifferent to the disappearance of almost any single state except Texas from the list of producers. *But Texas has disappeared!* One hundred million acres of land have been destroyed for all purposes of cultivation by gully erosion, and that is about two thirds of the area of Texas. Moreover, this is only the beginning; more than one third of the essential topsoil has disappeared from an area four times as great as all of Texas, and various types of erosion are breaking down an equal area. Almost half of the entire surface of the United States is being attacked in one way or another. We have a total of 100 years of “virile existence” left, according to Morris L. Cooke and only twenty years to plan our campaign.

Yet, oddly enough, we have known for 125 years almost everything we now know about the methods of saving the productive soil. Stuart Chase quotes Thomas Jefferson, who was describ-

ing his own Virginia farm: "Our country is hilly and we have been in the habit of plowing in straight rows, whether up or down hill . . . and our soil was all rapidly running into the rivers. We now plow horizontally, following the curvature of the hills and hollows on dead level. . . . Every furrow thus acts as a reservoir to receive and retain the water, all of which goes to the benefit of the growing plant instead of running off into the stream."

Mr. Chase notes that Madison and Washington also practiced contour plowing, rotation, and strip cropping, a century ago and more. Apparently, the Fathers of the country wanted to save it when nearly two billion acres were still virgin, whereas their descendants think nothing of wasting their resources when half of them are threatened or already gone.

Precisely how does the destruction of our resources affect us? We can figure that if our forests are destroyed and wood pulp becomes expensive, our newspapers will cost three cents instead of one, until somebody invents a way to use scrub pine or corn-stalks to make print paper. There are agro-biologists whose experiments indicate that we can raise the yield of a given acre of land six or seven times over by scientific methods of farming, so that perhaps we can laugh off the loss of half of our topsoil. Besides, we know that wheat

and cotton planters have been paid for reducing crops, so there must be a surplus somewhere and, if some of the land is lost, perhaps it is all for the best. If we cannot find profitable ways of mining the deeper seams of coal, we shall use gasoline and if we waste the gasoline, maybe some benevolent engineer will discover a way for us to use alcohol. In any case, we shall be all right, and so will our children—and who in America thinks three or four generations ahead?

Arguments like this must have been in the minds of the people fifty years ago and thirty years ago; they have led us to our present position. The fact is that no matter how slow the process may be, and no matter who bears the loss, we are destroying fundamental wealth. As county after county and state after state fall under the blight, the country as a whole starts downhill. We may be able to make up the immediate financial loss for a time, but that feeling of breaking up, literally of losing ground, weakens the entire structure of a country.

Moreover, dust bowls do not operate in a void. They destroy homesteads on which families have lived and from which they have drawn incomes. Erosion also works slowly, making whole communities progressively poorer, cutting down on the money they have for buying things which are produced all over the country. In the end, the

land is the basic source of wealth. When it goes, we go with it, even if we live in penthouses. Our children's children may be more aware of this if they have to pay higher prices for cotton and wool and vegetables and meat and bread.

Here, again, we ask who is preventing the right use of the land. A few months ago, *The March of Time* had an episode on the Dust Bowl, showing an editor in a Southwestern state who determined to tell the truth about erosion in his community, hoping to bring relief from the state authorities or from Washington. He published the facts, and the newsreel showed businessmen coming in to withdraw their advertising from the newspaper because it was giving its county "a bad name." After a couple of years, the county had almost disappeared under dust.

Other interests are involved. In many sections of the South planting cotton as the only crop is almost obligatory. It is the only crop on which loans will be made to carry the farmer over from planting to picking. It happens that cotton planting, for technical reasons, does not protect the soil. The old cotton belt, with its marvelous climate, its fertility, and its other natural advantages, has been partly ruined because of the one-crop system.

In other places it has simply been cheaper to exhaust the soil for a quick profit than to con-

serve it for the long run. The same thing has been true of the cutting of timber. There is a fairly scientific way of cutting and reforesting, a method of using timberlands for profit now without destroying their value as controllers of floods. It was much cheaper to cut as much timber as possible, as fast as possible, and let the devil look after those who came twenty years later.

At the other extreme is the tenant who has given up hope of ever owning his land. He also has misused it for all it's worth because he had no permanent interest in it. Nearly half of the farm land in America is now rented land. In the state of Iowa, in many other ways the perfect example of the best things in American civilization, less than half of the farmers own the land they work.

The restoration of land is a difficult business. Nature herself is in no particular hurry. It is said to take four hundred years for one inch of topsoil to be deposited when the land is being let alone, and for considerable sections nothing can be done except wait. From these districts families have moved away because it was no longer possible to support life upon them. In other places something can still be done. The Tennessee Valley can be saved for civilization; other valleys, as well; a vast amount of work has to be done and money has to be spent in what Mr. Chase calls

resource investment—ultimately the most productive of all.

At this point the political tangle begins. So far the Tennessee Valley Authority retains its status as a constitutional enterprise of the government. The creation and distribution of electric power was only one of its activities. The principal aim is to conserve the land, and this involves new methods of farming and flood control; in order that those who live there may prosper, industries were established. It is almost as if a nation were being created within a nation.

We have to ask first whether it is good for the country as a whole that these things should happen. At first it seems like asking whether it is better to make the desert bloom and to find some profitable work for people who were moved out of the Norris Reservoir site, where they enjoyed a cash income of *two dollars per week per family*. The probability is that the people who will now live in that district will be above the minimum income level and possibly will approach the comfort level. Some two million people will be affected. A great number of them will appear for the first time as consumers. The intention is to make the electrification of the Valley not merely a yardstick for costs or a rival to private utilities, but a positive source of income.

The opposition to the Tennessee Valley Authority has been almost entirely limited to those who believe that the government is not entitled to sell electric power which is generated in the course of the workings of the project.

Probably in every other effort made to conserve natural resources there will appear some such objection. Whenever resources are conserved, those who have exploited them lose their chance. But ample proof has been given that, left to himself, the American citizen will do nothing to protect natural wealth. It is therefore up to us who have the greatest stock in the future, since our children will live through it, to decide whether we want to destroy our own wealth in order to uphold the theory of rugged individualism, or to preserve it and take the chance of the government's running the public utilities as well as it runs the Post Office and the Panama Canal.

XIV. *The Price You Pay*

THE TWO problems which have just been discussed have been chosen because, on the surface, they seem to be so simple; and the enemies of the public good are either so outlawed (as in crime) or so few (as in the case of our natural resources) that there ought to be no difficulty in putting through and administering a reasonable program on the fundamentals of which all men of good will could agree. Yet we have seen that even in these cases there are complications. Crime is mixed up with government and politics and is, therefore, mixed up with property and profits; the preservation of our land and the development of our natural resources, since they have been neglected by industries and individuals alike, have fallen into the hands of state and Federal governments and, therefore, private interests oppose them. When you come to other questions, the opposition of interests is sharper and the worst thing would be to assume that

there is one simple right thing to do, against which there is no valid argument.

Take the affair of price-fixing, which particularly touches inhabitants of large cities. My neighborhood druggist sells for twenty-one cents a tooth powder officially priced at twenty-five cents. He is a valuable citizen to me because in the case of sudden illness it is to him that I have to go to have prescriptions compounded and upon his knowledge and integrity I have to depend. Unfortunately, he cannot live on the medical or pharmaceutical side of his business alone. He has to sell tooth powder also.

The large department stores sell the same tooth powder usually for seventeen cents, or sometimes, as a "loss leader" meant only to bring you into the store, for eleven cents. The same thing applies to hundreds of other commodities. Because the department store buys in vast quantities, the manufacturer gives a heavy discount; the discount is available to my neighborhood druggist also, but he cannot get it because he cannot tie up enough cash to buy a large quantity at one time.

Presently the manufacturers decide that the heavy discounts are too much for them; perhaps the pressure of many thousands of corner druggists is brought to bear on them. And eventually a bill is passed in the state legislature permitting

the manufacturer to set on his product a price below which it must not be sold. My little druggist can again compete with the department store; I am less likely to take the trip downtown.

On the other hand, my cost of living definitely goes up, because every trade-marked article can be held to a high price.

In New York a new development occurs and department stores offer their own brand of goods in direct competition with the nationally advertised brands, at a "free price," as opposed to a fixed price.

Where precisely does the general interest lie? Shall the small storekeeper be driven out of business by the larger unit? Or shall we pay more for our goods, incidentally giving the manufacturer a larger margin of profit, in order to keep alive the independent individual merchant? Shall we extend the power of the government in defense of the small merchant? Or shall we let the big stores bring prices down so that the very poor can preserve their teeth and avoid dentists' bills and sickness?

Take the famous case of the oil cans. As an absolutely necessary measure of protection against fires, a city ordinance was passed compelling dwellers in tenements to use a safety container for kerosene, instead of the dripping type which usually stood in an open hallway and was a

perpetual menace to human safety. There seems to be no question that this was for the general welfare. Yet, it was discovered that a considerable number in the tenements simply could not afford to buy the new containers. What was the correct line to take? Should the government compel obedience to the law even if the people starved? Should the government become completely socialistic and supply new containers at its own expense? Should it be mildly paternalistic and advance loans? In this tiny case all the principles of government seemed to be involved. (It may interest the reader to know that the actual solution was made by engineers. On an estimated demand for new containers they were able to reduce the cost from about \$3 to \$1 and so even the very poor were presently able to buy.)

XV. *Living Together*

AFTER THESE minute problems, consider one with dozens of complications. You will find it as Number 31 in the list, carrying only one fifth as many votes for paramount importance as the Federal budget and finances. That is the cooperative movement. Experience in England and in Scandinavia and a persistent, steady growth in certain parts of the United States have made this movement one of interest, and many thoughtful people, aware of the defects of our present system, yet unwilling to accept either Fascism or Communism as an alternative, have come to believe that a cooperative movement, existing within the present capitalist framework, could correct its errors and modify its outrages.

A black winter of depression fell upon the tiny village in which I spent my childhood; I was too young to know then whether it was a distant backwash of a national depression or came about

through some local failure of crops. The one nearby clothing factory which helped to keep the farms going in winter was closed down, probably because of a strike in a factory in Philadelphia or New York from which orders were farmed out to us. The community possessed one hay and feed and general merchandise store near the railroad station and two grocery stores outlying; in the general depression, these two stores suffered particularly, because they could not give any more credit.

We all baked our own bread, but the time came when the price of flour was simply too high. We used to buy it by the twenty-four-pound bag, as I remember it, and two brands were available—Ceresota and Gold Medal; housewives were partisans of one brand or the other; but this winter they could afford neither. I can remember the evening when half a dozen grim and worried men and women met at our house to talk things over. Somehow the idea came up that flour could be bought by the barrel—I think it was from a mail-order house—and between them the half dozen families could buy a money order for one barrel of flour. The saving must have been minute, but it was imperative. That night a money order was sent and about two weeks later the barrel of flour arrived and presently was divided between subscribers. In a tiny way a cooperative society was formed.

To the best of my knowledge, it never operated again after that winter. Perhaps conditions improved. Certainly the two grocers were furious. One of them was our nearest neighbor and a good friend, and I can recall his reproaches to us because we had part in a movement which was taking away his living. His own profit on flour was not great, but added to a few other small items, it gave him and his family a meager livelihood. There was no question that the cooperation which saved us money would have ruined him if we had continued.

And yet the English cooperatives are the largest commercial enterprise in the country—perhaps in the world—and they have neither driven out the small shopkeeper nor destroyed the power of the big department stores and the many-branched chain stores. Cooperatives usually start in a small way when a number of people pool their capital and run a retail store without profit to any individual. The income of the store, above all expenses, is returned to the members of the society as a dividend, usually as a cash discount. Wages are at or above the prevailing rate. Working conditions are generally good and the salaries of executives are low. Often cooperatives prosper because nonmembers shop at the stores and, as they do not receive the dividend, it is added on to the savings of members.

This is the beginning. In England, the cooperatives run 300 factories and warehouses, and go into banking and insurance, publish newspapers and bake one fifth of all the bread eaten in that country. According to Sydney R. Elliott's book, *The English Cooperatives*, the stores distribute one seventh of all the coal and one tenth of all the meat used in the country. The fact that the cooperatives run factories of their own indicates that they compete, not only with the distributing system, but with the manufacturing system. Mr. Elliott lists 125 commodities produced by the cooperatives, running from corsets to cocoa.

The cooperatives, when they are functioning well, discover that they get shoddy goods or excellent goods at exorbitant prices and that they do better by manufacturing their own. In England the commercial makers of radios refused to allow the cooperative stores to sell their receivers with the usual dividend to members. The cooperatives found manufacturers not in the radio "combine" and, buying parts from them, assembled their own radio sets.

The cooperative movement in America is still a small one, but it is being vigorously attacked. One of its great advantages is that, as it is not profit making, it escapes some of the burdensome taxes of the commercial enterprises. The question arises whether the dividend paid back to the

members is not in effect a profit—a profit widely distributed, but a profit none the less. This point is made by a special committee of the Chamber of Commerce of the United States which has issued a report on cooperatives, exposing their weaknesses and difficulties, and also the exemptions they enjoy from certain state and federal taxes. (In Great Britain and Sweden, the report notes, cooperatives are not exempt from taxation.) The report protests against the use of public funds to promote consumers' cooperatives. Pressure on state legislatures is suggested.

So the cooperatives enter politics. In England, 100 members of Parliament hold 700 directorships in concerns competing with cooperative enterprises. The necessity for representing the cooperative members is clear.

It is hardly likely that any law could be passed in this country forbidding people to come together for cooperative purposes and, even if cooperatives fall under the same taxes which apply to commercial enterprises or chain stores, they might flourish and become presently a decisive competitor in retail trade. The enthusiasts for the movement point to certain advantages beyond reduction of costs. Denmark, with a strong cooperative movement, has virtually ended tenant farming; it has extraordinarily developed educational and social security systems. In that

country the cooperative movement is considered a preferred alternative to either form of European dictatorship. In Sweden the cooperatives exist side by side with powerful capitalist enterprises and have served as a check to monopoly. As there were no adequate antitrust laws, the price of electric bulbs in Sweden was very high and the price was smashed by the cooperatives, which accomplished what the law had failed to do. Whether the system is equally effective in reducing the prices where a strong competitive system works in the same direction, will be determined by the experience of England and America.

Very little has been heard of the commission which President Roosevelt sent to study the European cooperatives during the campaign of 1936, although the report should be available by this time. As the movement grows, the propaganda for and against it will both increase. Even the moderately prosperous may consider that the whole movement is a matter of indifference to them. They can either afford the specialty shops or take advantage of the sales at the chain stores, and they know there is nothing chic in the idea of the cooperative. Their interest, therefore, comes down to this: can the cooperatives act as a check on monopoly prices when such a check is needed? Can they, by lower prices, in-

crease the consumption of goods and, therefore, increase production? For the general welfare of the country a cooperative is as useful as a profiteer if the goods that are made are needed.

It is to the middle-class interest also to allow experiments to be made. The propagandists of the cooperative movement look into the future and see cooperative democracy taking the place of our political system. There will be "the national union of consumers, on one hand, and the national union of the employees of cooperative societies, on the other." And these would constitute "the two houses of a parliament . . . not . . . occupied in making laws, but in devising ways and means of carrying on service for the people." The cooperative parliament would create a national board as an executive branch and boards of arbitration in place of the judiciary, and, as the movement spreads over the world, the international cooperative would put an end to war. (See James Peter Warbasse: *What Is Consumer's Cooperation?*)

The prospect of a prosperous and happy nation, free from the threat of war, is sufficiently attractive. But, as in the case of labor unions, a middle-class man may wonder why all activities must be cooperative and wonder also whether this form of production and distribution may not have in

it some germ of coordination and regimentation. The cooperatives mock at the commercial system in which a large department store carries 10,000 kinds of stockings or gloves and 125 kinds of toothbrushes. Perhaps there is a Puritanical strain concealed. Perhaps for the present the free development of cooperatives as a check on, and rival to, the commercial system is all that need be considered.

The enormous advantage of the cooperative movement is that it begins with the consumer. Of necessity, it puts an end to all forms of gypping which go on in retail business, from short weight to false claims, from goods which do not wear to drugs which poison the user. Out of such practices profits have been made because the consumer has never been watchful. Possibly they can be eliminated in other ways. Possibly the profit motive which the cooperatives reject has still some function to perform.

In a democratic society, all methods of production and distribution can be simultaneously used if they are not in themselves hostile to democratic principles. Hundreds of our most admired institutions are totally outside the range of ordinary profit—our colleges, our army, our hospitals, our churches, the Coast Guard, the Red Cross, and the government as a whole. Some of these

make up for the deficiencies of the profit system and some of them make that system work more smoothly. But it is against the democratic idea to put obstacles in the way of any collective enterprise, and it is to our advantage to let the cooperative movement make its experiment as a demonstration. Taken alone, it may not head off the collectivism of a dictatorship; but as a parallel system within our own system, it may be enough.

I have mentioned crime and cooperatives, price-fixing and public utilities, oil cans and our natural resources. They are all samples of the problems which face us. In each case, I have tried to suggest the existence of the general interest. Elsewhere in this book other problems have been noted: chain stores, child labor, inflation and the Supreme Court, taxes. Dozens of others will come up in tomorrow morning's paper. There is no guide rule, no single answer which a democracy can afford to give to all of these problems. You might almost say that one of the best things about a democracy is that it does not announce final answers to all its problems, but allows them to be worked out, with no unchangeable formulas, by the compromise of varied interests. I have chosen these samples because in the play of separate interests the public welfare has been

neglected and because in each one of them the middle class has most to lose by this neglect.

There are, in addition, some general problems which sometimes flare up in the news and sometimes die down, but are always in the background of all political action.

WHAT DO YOU THINK?

Yes No

(The questions which follow cover the material in the four preceding chapters.)

- Are financial and administrative questions more urgent to you than questions of human relations?
- Can you make a blueprint of a cyclone cellar during a cyclone? During a mild storm?
- Have you ever been the victim of any crime?
- Are you aware of the \$100 a year you pay for crime and its punishment?
- Have you ever done anything to save that hundred?
- Have you ever benefited by a crime? By escaping punishment for any infraction of law? Would you go out of your way to testify against any racketeer?
- Have you ever done anything about the destruction of America's natural resources?
- Have you ever benefited by the destruction of these resources?
- Have you ever bought "hot oil"?
- Are you opposed to the TVA?
- Would you rather have fixed prices or competitive low prices? For the things you buy—for the things you sell?

WHAT TO DO:

Arrange the problems on pages 160-161 in accordance with their importance to you.

Communicate with the Grand Jury Association of New York County, 105 West 40th Street, New York City, and discover how the usual routine work of a grand jury was turned into a most effective attack on racketeering.

Your local department store and your neighborhood grocer can give you data on price fixing.

The Cooperative League of the United States of America, 167 West 12th Street, New York City, will direct you to the nearest cooperative movement.

The public utilities question and regional enterprises like the TVA are constantly in the headlines.

Write to the Civil Service Reform Association, 519 Fifth Avenue, New York City, for information on the billions lost through political appointments.

XVI. <i>The Embattled Farmer</i>

ONE OF the problems always in the social background is always an annoyance to every writer on contemporary affairs. The moment comes when he can no longer avoid "dulling up" his text. He has to talk about the farmer. He knows that his readers will resent the intrusion of this stock figure. To many of them it seems that the farmer has lost his position as the backbone of the nation and become a pain in the neck, the national headache. No one writes about the bank teller, the shoe salesman, the shipping clerk, the stenographer, the garage man, the oil driller, the window cleaner, the doctor, or the saloon keeper with quite the same mixture of awe and irritation. It is quite true that the farmer supplies a great many of our basic needs, but he does not begin to compare in picturesque-ness with the old-fashioned bootlegger or an up-to-date racketeer. The ordinary scandals of life among hog callers or cotton pickers somehow

lack the excitement of even a mild divorce in Hollywood.

I have no solution for the special problems of the farmer and therefore propose to present him not as a victim of economic circumstances but as a menace to your own prosperity. What does he mean by scrabbling away on his unfruitful soil, getting so little out of it that he openly refuses to buy the phonograph records and new cars and fountain pens and linen sheets which you and I are so busy making? Consider the brief and brilliant account of Grainger County, Tennessee, as recorded by Stuart Chase in *Rich Land, Poor Land*. There are 13 thousand men, women, and children in Grainger County. Almost all of them are farmers; there are no factories, no railroads; and there is only one "outside activity"—a large resort hotel.

The people of Grainger County ought to be comparatively prosperous. They till the soil and they only eat one third of what they produce. As they have no factories, they ought to be fairly good customers for what the rest of the country produces. But in the year 1932 there were only 1,000 motor vehicles, old and new, pleasure cars and trucks, in the entire county and all the people together spent less than \$150,000 for clothing. They spent only \$10,000 for education. Moreover, they lived in the red. The people of the county as

a whole had a deficit of over \$350,000 and, although the state of Tennessee came through handsomely for roads and schools and a little sprinkle of Federal aid was showered upon them, there was still a net deficit of over \$200,000.

I do not know what the actual conditions of life are in Grainger County. Stuart Chase told me that after he published his book he got a sharp letter from a county official assuring him that the Graingerites were all right. Perhaps they are, but Chase asks the essential question which affects you and me more than it affects the Graingerites: If only seven of every 1,000 boys and girls of over college age go to college, that may still be a private problem, but if only 900 people altogether have motorcars, "can Detroit . . . get along without Grainger County?" Detroit for motorcars, Grand Rapids and High Point for furniture, Lynn for shoes, New York for ready-made clothes, Pittsburgh and Birmingham for steel and iron products, Hollywood for films—how long can any of these get along if more and more areas fall under the blight of not having money with which to buy products of the American factory?

In time of war, if all the farmers refused to fight, we should say they had not done their duty as citizens and ought to be shot. In time of peace in a country like ours one duty of a citizen

is to be a good consumer. The farmer is failing in his duty. Only one tenth of all farm houses have bathtubs, only a few more have running water or electricity; far less than half have telephones. If the farmers did not buy anything else except these four almost essential conveniences, they would start such a boom in manufacturing as would make all the pump-priming of relief seem trifling in comparison. They would give jobs to our friends and dependents; they would increase the pay envelopes of millions. New factories would have to be constructed, so the building industry would prosper and presently another million of us would have a little extra money to spend. We might spend it foolishly, but even the makers of foolish little gadgets pay wages. Obviously, the farmer owes it to us to get busy and spend.

Unfortunately, he hasn't got the money. Just before we line him up against the wall at day-break and prepare to execute him, he brings us the positive proof that he really would be willing to spend like fury, but the average income for a farmer's family is around \$750 a year. That is \$15 a week for four people and it is not all velvet. You think of the farmer as living in his own little house, but nearly half of them rent their places, exactly as city dwellers rent flats. Of the others, more than half enjoy a sensation not known to

renters—the sensation of paying off the mortgage. As for the most unfortunate class of all, those who work on land which does not belong to them and raise crops which someone else sells—the sharecroppers—some of them hardly ever see a five-dollar bill from one end of the year to the other.

There is very little use advertising a fifteen-cent tooth paste to people who haven't got the fifteen cents, and while it may be morally and physically all right for millions of people to do without tooth pastes, it is not all right for the tooth paste manufacturers who need those extra millions of customers.

If you add to tooth paste all the other commodities manufactured in the United States for a wide general sale, you can easily figure out that it is not all right for you.

You can make a commercial translation of the maxim that no nation can exist half slave and half free: no nation can exist half buying and half doing without; because presently those who have to do without will teach us the disagreeable lesson of doing without. Presently there will be fewer patients, even in large towns, for the doctors; fewer people will make wills—they won't have anything to leave; fewer people will go shopping, so there will be a smaller sales force;

advertising will dwindle, so there will be fewer copy writers and draftsmen and writers of radio scripts. In short, we shall have deflation again, as we had it between 1930 and 1932.

Of course, all of this applies to other nonbuyers as well as to farmers. Farmers are merely the most spectacular group, because you can lump them all together and because they do provide essentials. But the janitor of an apartment house, the streetcar conductor, the man who works on the belt in a factory, the clerk in the state liquor store, the girl who runs an adding machine, the woman who makes braid at home—the millions of workers who earn barely enough for food and clothing and shelter—equally threaten the prosperity of all the rest of us, even if we are in the higher service brackets—professional people, experts at removing the appendix or at giving permanent waves.

President Roosevelt denounced the condition of the country in which one third of the citizens were ill clad, ill fed and ill housed. He gave the impression that an injustice had been done to these millions. He might well have added that supplying adequate food and clothing and decent shelter to an additional one third of our population would create an agricultural and industrial and economic boom—in the only good sense that the

word boom can be used. He might also have warned us that to allow this third to remain unprosperous was the gravest danger to ourselves. Our hearts may not bleed for their sufferings, but presently our pocketbooks will.

It might be well at this point to lay a ghost. It is the ghost of an ancient economic argument which runs as follows: if there is only so much money in the country, what difference does it make whether it is spent by a million people or by a thousand people? This is a fairly honest question in comparison with the usual run of economic argument, because it frankly skips the moral problem—the whole question of whether it is “right” for one man to have any more money than another. The answer to it is this. Take half a million dollars. If fifty men each have \$10,000, they will each buy four suits of clothes a year, making a total of two hundred suits. If one man has \$500,000 he may buy eight suits or twelve suits, but he will not buy 200 suits, and this applies to everything we eat and drink and wear and to the things we buy at the five-and-ten or in the specialty shops. Then at a certain point the application ends. If fifty women have an income of \$10,000 a year, not one of them will buy a \$100,000 tiara, whereas if one

woman has half a million dollars, she probably will.

Put aside, again, any moral comparison between clothes and tiaras. The fact is that as things go now, manufacturing ready-made clothes is an industry employing hundreds of thousands and the making of precious jewels employs very few. In the time of Alexander Hamilton it was considered by many statesmen highly inadvisable to let money get into the hands of the people who would spend it for their own comforts. Money was needed "to build up the country," to buy heavy machinery, to construct factories, to build ships, to dig mines, and a little while later to build canals and railroads. At that time it might have been advantageous to let money flow into very few hands, precisely because they would not spend it and because it would be invested—not in tiaras, but in factories. That was when thrift was not only a private virtue, but supplied the money power for creating American industry.

American industry proceeded remorselessly in one direction—toward quantity production. Ideally the manufacturer of handkerchiefs or razor blades or vanishing cream or cheese looks forward to selling his product to every single person who can use it. In practice he has to divide the

market with his competitors. *But all of the manufacturers combined ultimately need all of the citizens of the country as their customers.* Some of them are very rich men, but **the one thing the rich cannot afford is the poverty of the poor.**¹

¹ This reverses an ancient prejudice. In time of scarcity, wealth was based on widespread poverty; in time of abundance, it must be based on distributed plenty.

WHAT DO YOU THINK?

- | | Yes | No |
|---|--------------------------|--------------------------|
| If you are not a farmer yourself, can you see any way in which your pay check is affected by what happens down on the farm? | <input type="checkbox"/> | <input type="checkbox"/> |
| Can a country afford farmers who cannot afford comforts? | <input type="checkbox"/> | <input type="checkbox"/> |
| Can Detroit afford Grainger County? | <input type="checkbox"/> | <input type="checkbox"/> |
| Can a nation exist half buying and half doing without? | <input type="checkbox"/> | <input type="checkbox"/> |
| Is it better for the country to have fifty men with an income of \$10,000 each than to have one man with an income of half a million? | <input type="checkbox"/> | <input type="checkbox"/> |
| Can all the manufacturers combined get along without all the citizens as their customers? | <input type="checkbox"/> | <input type="checkbox"/> |
| Even if the poor can support the rich, can the rich afford to support the poor? | <input type="checkbox"/> | <input type="checkbox"/> |

XVII. *The Stalemate of the
Machine*

I_N WRITING about the farmer, one comes up against the contemptuous indifference of his readers; in writing about the worker, one comes up against violent prejudice. With minute exceptions, we all work, but only comparatively few of us work in factories—one out of five at the most—and only a small part of the factory workers are organized into unions. When people are talking about labor they mean work; when they begin to shout about it, they almost certainly mean organized workers.

The problem of labor has injected itself into nearly every chapter of this book. I propose in the next few pages to consider the worker as I have considered the farmer—in his relation to the country as a whole. I should like to find the satisfactory reason why we have to shout when we talk about labor and why—in spite of the anti-social ill will of certain employers—the laborer remains a citizen and important to other citizens.

We are obviously shouting because we haven't any guide rules to follow. We have had labor troubles in this country since we have had a country, and yet it is only within the past six months that we have begun to work out an automatic machinery for preventing them. We now know that an employer cannot refuse to meet the representatives of his employees. But the chaos in our minds is proved by the fact that, until the Supreme Court declared the Wagner Act constitutional, a great number of people were certain the vote would go the other way—not only people who wanted it to go the other way, but people who feared that it would. The right of labor to organize at all had been established years before; but it remained rather an abstract right if an employer could refuse his recognition.

The arguments about labor continue to be confused because so many of them are based on moral and ethical ideas. The same words keep cropping up: the downtrodden laborer, the tyrannical capitalist, the radical labor agitator, the intelligent employer; the right of the employer to his property, the right of the laborer to higher wages; the illegality of the sit-down strike, the immorality of labor spies; the wrong done by pickets, the wrong done by scabs. All these things are important.

There are employers, no doubt, who would rather pay double wages to unorganized men than recognize a union; there are, no doubt, workers who would take a cut in wages through collective bargaining rather than higher wages and the loss of their right to organize. Many employers sincerely are afraid that organized labor ultimately wants control of the factories; not only labor organizers, but individual workers, are seriously afraid that employers want to keep labor unorganized so as to deprive them of all liberty of action, reducing them to the status of workers in a Fascist state. In the average give and take, however, of labor disputes, the worker wants better wages and better working conditions—both of which mean a larger share of the income—and the employer either cannot or will not accept such a division.

What is your interest in the matter? If you are an employer harried by the tax collector, worried by competitors, watched over by angry stockholders, and trying at the same time to produce and sell a decent product, you want satisfied labor, but you want labor to be satisfied with what you think the business can well afford to pay. If you are a working man, exempt from the income tax because you do not make enough, but paying a dozen concealed taxes which leave you and your family with not quite enough food,

patched clothing, and a comfortless house, you also want satisfied labor—you want a steady job at good wages and the right to take every reasonable step for improving yourself. Either as employer or as employee you may have ideals and principles which go far beyond this point, but these at least are your minimums.

If you are neither one nor the other, your interest in a satisfactory, peaceful, and reasonable relation between capital and labor is still clear. Every time a break occurs, you pay for it. Even when there is no strike, you pay. Wages in the steel industry were raised as the result of a statesmanlike agreement and the price of steel was instantly jacked up. Eventually, that wage increase had to come out of your pocket. Since there was no bitter debate, let us say that the increase in wages was justified. But dentists are not organized to raise their prices in order to meet high prices for their chairs and instruments. Farmers are not organized in order to demand lower prices for reapers and binders or higher prices for wheat. The vast majority, in fact, of the 48 million who work in the United States are totally incapable of raising their wages to meet the rise in the wages of labor, the cost of living, and the dividends of organized capital.

However, your interest does not stop there. If three million organized men and women in

factories and mines get an increase in pay of \$5 a week, the grand total is three quarters of a billion dollars added annually to the national payroll, which in effect means that much added to the national sales slips. That money will be spent and the things it buys will have to be manufactured and transported and sold over the country, and wrapped and delivered, and a great many men and women who have nothing to do with organized labor will have work and wages. They will have more work and wages than if the same three quarters of a billion dollars had been distributed to 75 or to 75,000 stockholders. The men who get the increase will go to more doctors and dentists and lending libraries and movies; they will drive more cars and buy more refrigerators; they will spend money in a thousand more ways than the small number of wealthy possibly can.

That is the argument for high wages. It is an argument in favor of organized demands for higher wages only if higher wages cannot be got without organized demand. It is to be remembered that the most spectacular rise in wages ever known in America came in an unorganized factory, from an enemy of labor unions, Mr. Henry Ford. Mr. Ford in 1914 began to pay \$5 a day for work which he could get done for \$3 a day. By an interesting calculation, we may find that Mr. Ford raised the average wage by about \$600 a year

just at the time when the price of his car was lowered to about \$600 a year. In short, he made every employee a potential buyer of his own product. In the second year, the same employees could buy a dozen other products, including a down payment on a comfortable house and the purchase of commodities from manufacturers who either could not afford to pay their employees as liberally as Ford, or preferred not to.

Sometime before Henry Ford became famous, the American manufacturer came out of Fairyland. The average American stayed behind—and is still there—and that is what prevents him from seeing what has happened to him. In Fairyland the employer was either Prince Charming or the ogre in the castle and his employees were happy little imps or angry dwarfs. It did not matter which. Plenty of labor was sweeping into the country and the employer could always find other men to do at his price whatever his employees refused to do. But the Knights of Labor sprang up and, afterward, the American Federation of Labor. Desperate strikes broke out and the employer saw that he would either have to come to terms with his workers or find some other means of getting his work done. What followed is called in a grand way “the rationalization of industry.” It means that more and more machinery was developed, so that the employer was less and less

at the mercy of his men. The skilled mechanic moved into a higher bracket. The man who gave only his labor became less important, because his work became a repetition of a series of movements which he could learn in a short time.

Scientific management and the multiplication of automatic machinery were the real answer to the demands of organized units. Machines are remarkably dependable; they wear out, or become obsolete because other machines take their places, but they do not go on strike for higher wages.

This sounded like heaven to the badgered employer. It still sounds like heaven to a great many people. But the machine has one fatal defect. *It does not want shoes and chocolate bars and dress shirts and veal chops and beds and lamps and trips to the seashore and all the other "goods and services" which the manufacturers of America can supply.*

One of the most familiar phrases of the first years of the depression was "the paradox of poverty in the midst of plenty." It does seem absurd that when the farmer has too much flour we get bread lines in the city. But that paradox is comparatively logical and sensible when you compare it with the paradox of the machine.

The machine multiplies production. One man with a machine makes fifty times as many shoes as the cobbler at his bench. It is not quite true that the machine throws the other forty-nine

men out of work, but if all industry were simultaneously rationalized, we would have the amazing spectacle of the manufacturers of the country multiplying their products by fifty and at the same time dividing the users of the product by fifty. The machine which wears no shoes takes the place of forty-nine men who do wear shoes. Obviously, unless those forty-nine men find something else to do, they will buy no shoes, leaving the machine absolutely worthless.

Part of our troubles rise from the difficulties those forty-nine men have found in getting new jobs. There are figures which prove that in spite of the advance of machinery more men are at work; the technologically unemployed get jobs in the end; but in the three weeks or three months or three years which elapse before the new job is found, each particular worker is not buying shoes. In spite of more employment, there were two million men without work in the best of our good times and the rate of re-employment in the past few years has fallen far below the rate of recovery.

So industry may "rationalize" itself into a stalemate.

Almost everything that is written about unemployment comes from men who have never been out of a job—at least, not in the way the victim

knows it when he gets the blue slip at the end of the week, and \$20 in the same envelope is every cent he has in the world, while rent and installments are due and there are no charge accounts with the grocer and the butcher. That means panic, and no economist's figures proving that the unemployed eventually get jobs are of the slightest good. Nor are those figures any good to the manufacturer of shaving soap who has to sell his product this week to a man who has no job and cannot wait until month after next when he gets another one. Withdraw 10,000 men from the possible buyers of shaving soap, and the neighborhood druggist feels the pinch, even if these men will ultimately buy again; withdraw a million such men, and all the employees of the soap factory, all those making cardboard boxes, all the advertising copy writers, all the stockholders in magazines which do not get the advertising, all the paper manufacturers, all the typesetters on the magazines—all these have to tighten their belts.

No matter where you start, you find yourself walking around in circles and coming back again to the destruction of the buying power of men out of work and the unemployment of workers when buying power has been destroyed. Fortunately or unfortunately, this is not a theory. We have a case history to examine.

In 1929 the people of Muncie, Indiana, bought 2,401 new cars; in 1932 they bought 556. The people of Muncie got along pretty well. The American motorcar is meant to be traded in at the end of a year or two, but it is a pretty sturdy piece of machinery and a five-year-old car, though it may be a social disgrace, will still get you there. We need not waste much sympathy on the Muncieites, who had to drive the old Ford and the old Chevy.

Let us reserve our sympathy for ourselves. If all the other communities in the United States had bought in the same proportions as Muncie, the sales of new motorcars would have dropped by five million. It happens that five million is very close to the total of cars manufactured in the United States in 1929, so that if Muncie had not been a little bit below the average, the whole automobile industry would simply have ceased to operate by 1932.

The effect of such a disaster is really incalculable. The only safe thing to say is that no man, woman, or child in the United States would escape. The results would be felt for years. Scientists have made delicate measurements showing that the average Frenchman was not so tall in the generation after the Napoleonic wars as in the generation before; the tall ones were good targets; the shorter ones survived and

bred children. The effect of the postwar blockade of Germany has been measured in the physique of the generation now arriving at maturity. A similar effect I believe would be noted if the entire automotive industry of the United States had suspended during the depression. You would begin with the men employed in the plants, but that would be only a pebble dropped in the stream; the ripples would spread to the neighborhood grocery and shoe store and building and loan associations; from there they would spread to the wholesalers and so, in endlessly widening circles, they would take in farmers and miners and railroad men and bankers and structural steelworkers and shipbuilders and then the backwash would hit clerks and accountants and salesmen and garage owners and filling-station men and second-hand dealers and this would start another series of waves which would hit the manufacturers of fountain pens and face creams and textbooks and dresses and suits and collars and ties and breakfast food, until the whole nation would have been involved. Presently the old cars would fall to pieces and the factories would try to resume operation and they would have to restore machinery and train people for the more skilled operations and, with infinite pain, the industry would begin again.

If we think soberly of such an event, it would seem to us a collapse, like the breakdown which led to the Dark Ages. And if we look directly at the facts, we find that the only thing that stood between us and this collapse was the manufacture of a little over a million and a quarter cars in 1932.

What I have described as an awful possibility actually took place—three quarters of the way—and we were well on the fourth quarter when, in 1933, the industry began to move forward again.

By the beginning of 1937 the motorcar industry was expecting to surpass all its records of production when a series of strikes occurred. Considering the rather terrifying novelty of the sit-down strike, considering the traditional refusal of the motorcar industry to treat with any unions, these strikes were brief, orderly, and happily settled. Yet between January and April the strikes in the automobile industry cost the people of the state of Michigan nearly half a billion dollars. This included, of course, the value of cars which had been scheduled for production and simply were not made. That much wealth was lost at the time. Relief costs went up by half a million; the Federal government lost about four million dollars in taxes. But the most illuminating of all the figures is the loss of over

half a million dollars in sales tax, because that figure indicates that all the little storekeepers in Detroit and Flint and various other neighborhoods failed to sell millions of dollars' worth of goods which they normally would have sold.

Manufacturers of glass, fabrics, and leather were also affected and, in turn, the communities in which their factories were situated lost heavily. Economists insisted that the rising tide of production in the United States, which was approaching boom in certain aspects, would have been completely checked if the strikes had gone on.

I put the small losses of the strikes down next to the appalling losses of the depression because when a strike breaks out most people are convinced that it is totally unnecessary and is caused either by the tyrannical obstinacy of the owners or the radical demagoguery of the labor leaders. They are right to this extent: strikes are entirely man-made and therefore avoidable. Even those who do not make melodrama out of strikes and do not look for a personal devil on either side to carry the blame—even they consider that the strike is a symptom of an evil industrial situation brought about by individual men and curable by individual men. But when the depression starts, the economists and politicians all take cover and send up a smoke screen concerning economic

cycles and the rhythm of boom and depression and the iron laws of economics and the inevitable deflation after overexpansion and a dozen other abstract theories intended to hide the simple fact that depressions are not an act of God, but are created by men who do not take the trouble to avoid them.

The figures from Muncie, Indiana, show that the purchases of cars went down by about 80 per cent; at the same time the consumption of gasoline dropped by only 4 per cent. This means that people drove almost as much. They had to have their cars. The American wants his car so much that he will live in a smaller house or he won't send his son to college or his wife will do without a maid so that he can keep up the installments on the car. (This is often held against Americans by serious observers who live in big cities where taxis are more convenient or who have so much money that they can afford two cars for themselves.) The possession of motorcars is probably the most obvious single sign which distinguishes the Americans from any other people. The rest of the world has been catching up, but we still have 70 per cent of all of the registered motor vehicles in the world.

Manufacturers of hot dogs, the people who sell picture post cards of the Mammoth Cave, and

the makers of artificial fox tails to hang over radiator caps are as concerned with the prosperity of the motorcar industry as Mr. Chrysler and Mr. Knudsen, yet just as the agricultural inhabitants of Grainger County are allowed to fall behind in their purchases of new cars, so the factory workers and shopkeepers of Muncie are allowed to fall behind in theirs. The whole country depends on the manufacture of cars and the manufacture of cars cannot go on unless the cars are sold and apparently it is nobody's business to see that the cars can be sold.

Muncie is a particularly good example, because one of the reasons it stopped buying cars was the removal of a General Motors branch from that city. That was an appalling blow and the people of Muncie met it like little men. They presented a petition to General Motors asking them not to board up the windows of the factory plant, which was visible from the railroad lines, because that would advertise the fact that Muncie was, industrially speaking, in the doghouse. General Motors very handsomely obliged. Other industries also folded up, and presently Muncie was accepting a considerable amount of Federal relief. But Federal relief does not run to new cars. There is a considerable row in the papers if it is discovered that a relief worker can afford to run even an old car. Somewhere the suspicion lurks

that the people who are still working cannot afford to buy motorcars for the people who are not. Somewhere in the back of the minds of industrial and financial geniuses the suspicion is beginning to dawn that you can double and triple the output of cars and lose your shirt, unless people have money with which to buy them.

WHAT DO YOU THINK?

	Yes	No
Are you aware of paying any part of the cost of any strike within the last ten years?	<input type="checkbox"/>	<input type="checkbox"/>
Have you any way of meeting the rising cost of living?	<input type="checkbox"/>	<input type="checkbox"/>
Are you doing any work which a machine could do better or more economically?	<input type="checkbox"/>	<input type="checkbox"/>
Do you earn your living from service to machines or service to human beings?	<input type="checkbox"/>	<input type="checkbox"/>
If you multiplied your product by fifty, could you make a profit, if you multiplied your consumers by five or divided them by ten?	<input type="checkbox"/>	<input type="checkbox"/>
Did you escape the effects of reduction in motorcar production between 1929 and 1932?	<input type="checkbox"/>	<input type="checkbox"/>
Are depressions man-made—like strikes?	<input type="checkbox"/>	<input type="checkbox"/>
Can those who do work support those who are not given a chance to work?	<input type="checkbox"/>	<input type="checkbox"/>

XVIII. *The Tools Will Be Used*

THE THIRD background problem is whether the Federal government or the states, whether the executive or the legislative arm, shall increase in power, and shall take over certain jobs. The reason this problem is so much on our minds is that we have been frightened by the dictators of Europe. Dictatorships are centralized and executive; so we quite justifiably fear that if we put too much power into the hands of a central executive, that power may be turned to uses of dictatorship. I do not belittle this danger. On the other hand, I do not think that the problem it presents is a particularly difficult one.

It would be easy to say that we want things done and that we don't care who does them, if we could count on some benevolent Providence to give us always leaders as jealous of liberty as they are fond of power. Since we cannot, we

have to define the limitations of every power we grant.

Humanly speaking, it is better for enterprises to be conducted locally than from a distance. Socially speaking, it is better to put power in the hands of men who must account for the use they make of it than in the hands of those who are exempted from public reproach and dismissal. Regrettably, there is another side to this. A man may be powerful enough to corrupt a small unit, when he cannot touch a great one. There have been dozens of streetcar franchises stolen in cities, but comparatively few scandals in trans-continental railways. If one could count on intelligent and vigorous citizens, a breakdown of authority into small units would be inestimably to our advantage.

This holds only for local operations. There are certain undertakings which must fall into the hands of the Federal government—the maintenance of the Army and the delivery of mail are extreme examples. One affects the country as a whole, one affects every single individual in the country privately, yet both by their nature cannot be organized by forty-eight separate states.

At the other extreme there are functions which the Federal government cannot touch without destroying private liberty. It cannot declare that

the corner grocer must be open on Saturday, to serve the public, and must not be open on Sunday, to serve God. Local sentiment must operate here. The Federal government cannot compel every citizen to drink ten glasses of water a day, even if it has the authority of every physician in the world on its side. Individual whim must decide.

If you start with the Army and the Post Office on one side and the citizen's whim on the other, it should be possible to proceed step by step to list those functions which inevitably must fall to the central government and those which inevitably must be left to the smaller units or to the private individual himself. There would follow a more debatable series of activities which one or the other could undertake more efficiently. And finally, there would be a No-man's Land or an overlap in which the decision would have to be made by experience.

But our passion to get things done no matter who does them will always have this effect: that if the power is not used by ourselves or by small communities, it will inevitably be taken up by some central authority. A problem we had believed to be entirely a private one—charity to the unfortunate—became a public one for the states to handle when unemployment surpassed our private capacity to cope with it; and when the states were unable to meet its demands, it became

a national problem—and the solution indicates all the dangers and difficulties of national control combined with local administration.

Other problems grow out of our industrial situation. The Ford Motor Company informs the government of the United States that certain men in its employ in Detroit are engaged in local industry and not in interstate commerce. A new definition of interstate commerce begins to be written. Still others arise from interpretations of the law. Two decisions of the Supreme Court first deny state authority and then deny Federal authority over a disputed area. New definitions are required.

And again, as always, we must look for the special interests involved. A corporation, confident of controlling a state legislature will fight against Federal encroachment; a labor leader whose resources are scattered over many states will demand Federal action and we, hemmed in on both sides, are the ones who ought to determine what is the sphere of the central government and what is not. It is well to remember that "the United States shall guarantee to every state in this union a republican form of government"—a constitutional requirement. This means that the Federal government could declare any state government not republican in form and, using this as a pretext, could establish control over the

separate states. So that if we want to preserve local rights, we must also keep our eye on Washington.

Behind these questions of authority, administration, and control, there is one which was more publicized a few years ago than now: the question of a planned economy. The words have become a little stale. We speak now more frankly of dictatorship. But the two things are not quite the same, although one may lead to the other.

The idea of a planned economy arose when the defects of an unplanned economy became a little too unpleasant. Simultaneously the Soviets launched their ambitious five-year plan and attracted universal admiration for the energy and enthusiasm which went into it. Since then both Germany and Japan have accepted the basic idea of long-range planning.

The moderate defenders of a planned economy have an irresistible argument. We cannot consume what we do not produce and there is no use producing what we cannot consume. Therefore, let us simultaneously discover what we need and what we can make and adjust one to the other. The telephone company does not manufacture five times as many instruments as it needs and it does not manufacture half as many as it needs. It plans far ahead and, allowing a certain leeway, makes just enough.

The argument on the production side is the sounder one. The engineering problem of combining raw materials, machinery, power, and labor is a technical one more than anything else. But the question of determining human needs is complicated, unless we eliminate all human wants which are not necessary to sustain life.

Needs can be scientifically determined. Experts, for instance, put down the amounts and the kinds of food required by the average human being and terrify us when we discover that millions of people have to live below the moderate standards they set. But wants are personal.

So it becomes clear that if production is controlled, consumption must be either limited or directed into certain channels; it cannot remain selective.

I have indicated before that the power of the middle class rests largely on its selective buying. In the next chapter I propose to connect buying power with democracy. Obviously, in my argument, the attempt to control production must result in a limitation of middle-class, democratic freedom.

Here, again, the propagandists on both sides refuse to compromise. Those who want a planned economy insist that without a plan we must have chaos—or, only little better than chaos, concentration of comfort in a small group and wide-

spread misery in a large one. In order to prevent this, they are willing to sacrifice the privileges of the individual and propose that the choice of what goods shall be made, in what quantities, must be placed in the hands of a planning board, and they go further and indicate that hours of labor and wages must also eventually be determined by a central authority. To such enthusiasts for state control of production and distribution all talk about private liberty seems futile. They ask what is the use of private liberty if it is largely liberty to starve, and they think that people like myself, who talk about freedom, are actually concealing a determination to betray the interests of the poor.

The enthusiasts for rugged individualism are equally fanatical. They insist upon the right to make shoes, even if the market is glutted with shoes, and assure us that if things are left alone they always work out for the best. (Whether they include the years 1930 to 1935 as the best, I am unable to say.) To them all discussion of a reasonable adjustment between the capacity to make and the capacity to use is mere talk, behind which they insist there lies a determination to destroy all human freedom.

I have insisted on the "pluralism" of the middle class, which is, of course, the great mediating and compromising class, the class

which tries to make the best of both worlds and is often despised for doing so. It is the class which is opposed to absolutes; it has been misled because it has not recognized how persistently a small oligarchy has tried to impose an absolute, rigid financial framework upon us. When the middle class is aware of its interest in a variety of political and social organisms, it may suggest that in certain human activities plans are needed and that certain other ones should be left unplanned. Possibly all the basic necessities would come under the first head, and all the luxuries under the second.

The individualists who want absolute freedom to rob their compatriots will consider that any plan, however mild, is the thin side of the wedge. The absolutists who want to control everything will insist that you will disorganize society entirely by leaving some of its functions free. One of the pleasures of being in the middle class is proving that the extremists are extreme.

Let us take a single example. Under a planned economy we should have a scientific study of the housing problem. We might do as well as the Dutch and the Swedes have done in creating agreeable and desirable houses at low rents; we might even do as well as a few Americans have done in creating the little town of Radburn,

which is scientifically arranged for the convenience of the residents and planned so that children going to schools and playgrounds never have to cross a street on which motor traffic runs. Creating such apartments or towns would involve a vast amount of planning, because the makers of bricks and of glass and of copper and the lumber industry and the plumbing industry and the paint industry and, ultimately, the makers of furnaces and refrigerators and chairs and tables—and the workers providing the raw materials for these industries—would all be involved.

Unplanned activities run more to the type of Coral Gables. There are a few rugged individualists who not only favor the promoters of Coral Gables, but think it is a good thing for society that men should be free to speculate in land and that others—a great many of them—should lose heavily in real estate. There are others who consider Coral Gables socially vicious and architecturally a blot. But why Coral Gables should not be attempted in one section of the country and the good housing project in another, neither side will say. They insist that the two things are mutually incompatible. One begins to suspect that the extremists on both sides are concealing a little of the truth about themselves. Both are fighting for an advantage—and as usual, it is an advantage over us.

It is easy for us to see that the man who wants to establish a dictated economy is an enemy of our freedom; but we are too familiar with our own financial and industrial tyrants to realize the somber truth—that *these individualists have done more to destroy individual property and individual liberty in America, than have all the enthusiasts for dictatorship put together.* Fortunately, for us, they have not yet destroyed our power to react.

WHAT DO YOU THINK?

	Yes	No
Have you been aware of Federal interference with your private business?	<input type="checkbox"/>	<input type="checkbox"/>
Is your business adaptable to a long-range plan?	<input type="checkbox"/>	<input type="checkbox"/>
Have the pleasures of an unplanned economy outweighed the penalties for you?	<input type="checkbox"/>	<input type="checkbox"/>
Would you be willing to earn under a plan if you could spend without interference?	<input type="checkbox"/>	<input type="checkbox"/>
Have any powers, outside of government, interfered with your business?	<input type="checkbox"/>	<input type="checkbox"/>
Do you prefer good housing to Coral Gables?	<input type="checkbox"/>	<input type="checkbox"/>

XIX. "*It Is Better to Consume*"

I SUGGESTED earlier that we need a new economic outlook because we are creating in America a society based on a new principle—the importance of the consumer. I believe that we have here the practical basis of a true democracy and a most powerful weapon against dictatorship. I am well aware of the moral issues involved in a comparison between democracy and dictatorship, but I am convinced that at the present time discussion of these moral issues will get us nowhere. We have to bring up a practical issue. Dictatorships are attractive to the weak, who do not wish to solve their own problems, and to the tyrannical, who are only too anxious to exercise power. We shall not destroy other people merely by complaining that they are the enemies of liberty. It is demonstrable that they are the enemies of our material satisfactions.

I have already sketched the pressure of dictatorship on our daily lives. We can now go back to the basic idea of dictatorial states. What do they want *you* to live for? The repeated promises that you will live to be proud of your country or live to enjoy all the blessings of life are meaningless just at present. As we observe facts, we find that dictatorships want their people to live so that they can be soldiers (and breed soldiers) and so that they will produce what the state needs. To be a soldier and a producer is the complete duty of the subject.

You might say that in a democracy the chief duties of a man are to be a civilian and a consumer.

In all the criticism of our social system, the one thing that stands out is the comparative innocence of industry itself. We have found out how to make things. We may have been wasteful and we may not have pushed our inventions and methods to their logical extreme; we certainly have not solved the human problems in the method of production. But overwhelmingly we do get things made. We get them made in such quantities that they jam the avenues of distribution because we have not built the roads and discovered the routing system which will let the goods flow without stoppage from the factory to the user.

Every sound analysis of our depression has gone back to the necessity for a better system of distribution, for new ways of getting money into the hands of the consumer. Machines may take the place of men in making goods, but as they do, the importance of men and women as users of the goods grows in proportion. In the blackest days of the depression those who had money were urged to spend it—that is, to become consumers again. The whole general purpose of the New Deal was to bring the citizen back to his old position as a consumer, that is, one who buys and uses things and uses them up and needs more.

When we say that the American people have a high standard of living, we mean that they want and get and use more things. A high standard of living is not one of the absolute marks of a democratic system of government, but the two things are connected. In an aristocracy only a few people take part in the government and it is not entirely coincidence that the same few are the only ones who enjoy all the comforts of life. Under aristocracies, the idea grew up that it was not a good thing for the "common people" to have too many pleasures. The common people were urged to be thrifty and to save their money, because there were not enough comforts and luxuries to go round; it was to the advantage of

the few that the many should be willing to get along without. But the democratic idea of one man, one vote, has come to be translated in this country into the far more revolutionary idea that it is a good thing for people to take pleasure in life and that, therefore, there should be no obstacle in the way of every man's enjoying running hot water, well-made shoes, electric light and a good motorcar. When the American people discarded the idea that they had been born into a certain station in life and had to remain there, they became the first great consuming nation. *The power of the consumer became the prime power in the state.*

At the same time we developed in America the manufacturing system by which the consumer was satisfied. The factory system became a cruel abomination in England even before it became an inhumanity here; but it never occurred to the manufacturers of England that their own people were their best customers. England could make more money by exporting its goods elsewhere. We, on the other hand, had so much raw material that we exported cotton and wheat and other staples and actually could not make enough manufactured goods, so we imported a great deal from abroad to add to our own production. Gradually we mastered the system of producing great quantities—it was started at least as early

as 1800 by Eli Whitney and it arrived at its height in the belt system of the twenties.

Now this is an extraordinary thing: that *production in the modern sense was invented by democracy*. While scientific discoveries for practical use come from all over the world, the great inventions for dealing with clothes, building, food, and personal comforts almost all come from democratic nations. *Our system of multiplying productive capacity is part of the democratic contribution to the wealth of the world.*

Present machinery and our present methods, used to their best advantage, will increase our production over the maximum figures by some 20 per cent.¹ Add the inventions and the methods developed in the past few years, and you again raise the figure considerably. We may not be able to produce enough of every single thing to give every single citizen a taste of luxury, but it is quite sure that we have the means of providing every citizen with all the basic comforts.

What, on the other hand, is the purpose of the Russian five-year plan? We have the precise words of Josef Stalin and of many of his still unexecuted lieutenants. Stalin says that Communism must eventually defeat capitalism because Communism is a more effective system of production. The purpose of the next five-year plan is to surpass

¹Details on page 135 and after.

the productive capacity of the United States. The Stakhanov movement was advertised as superior to the American speed-up in producing goods. Every week or so a Russian official or newspaper indulges in "self-criticism" and compares the American plasterer or machinist with his Russian brother, pointing out that the Russian's output somehow lags behind. If there were a higher standard of production anywhere in the world, you may be sure that the Russians would have chosen it. They are not modest in the demands they make upon themselves. They know that, in order to succeed, Communism must be exactly what they say it will be—the most effective system of production. To make it more effective they have imported American machinery, they have abandoned the idea of equality in wages (which they call Utopian) and by a system of high wages and bonuses they arrive almost at paying by piecework. For ineffective production they have penalties, perhaps dismissal from the party, perhaps death. That is how important it is to Russia to catch up with and surpass the productive system perfected in America.

The German situation has certain special features. The principles of Fascism do not require the German state to promise its people finer clothes and better food. The principle of the Nazi

state is that it must increase its power. It must, therefore, acquire raw materials and use them largely for the purposes of war. The present objective of Germany is to be self-sustaining—a most important thing if you can be surrounded and cut off from supply in case of a war. To be self-sustaining, Germany must produce. It may not try to produce in such large quantities as we do, but it will produce artificial substitutes for the materials which it cannot find in its borders. In the meantime, the German citizen as a consumer has no standing at all. He is under orders not to want things and has pretty definitely been told he will not get them until the state, either by making war or by threatening to make war, acquires colonies or spheres of influence or markets.

This distinction which I have made is, of course, not absolute. There are nonproducers under dictators and, as we know to our sorrow, nonconsumers in a democracy. For the most part, the man who produces also consumes and vice versa. The question is only where the emphasis is put. The emphasis in America constantly shifts away from the producer, because in that direction we have gone so far that we think future development will be virtually automatic. We not only invent machinery which lessens the importance of manual labor, but our scientific

agriculturists discover ways and means of treating the soil so that one acre will bear as much as five or six acres bear now, and two thirds of our farmers can cease to be agents of production. One of the reasons for the energetic activity of organized labor in mass industries is that more and more machinery may be put into operation, leaving man power helpless to defend itself, if it is not organized.

At the same time, the emphasis on the consumer grows. At long last, even the government has haltingly recognized what every big business has known for two generations—that the multitude of consumers is the prime factor in profits.

The reason this distinction is so important is that production, even at its best, is *coercive* and consumption is *selective*. The system of government does not matter a bit when a Russian or an Italian or an American goes to work making windshield wipers. The machine works at an "optimum rate"—the rate at which it will be used to best advantage; and the Communist or Fascist or Republican factory manager will see to it that the machinery is worked at just that rate. The machinery itself is coercive. Stories come back of men at the belt in Detroit whose faculties are dulled by the system; stories are told of Russian workers holding a meeting to discuss operations in their factories. But, in the

end, no worker can be impulsive and independent while the machinery goes on. The engineers—and behind them the men who made the blueprints from which the machine was built—these people determine how work is to be done and how production is to be carried on. In one country you may pay less attention to the human needs of the men at the machine and in another country more. You may work four six-hour shifts rather than three eight-hour shifts. But if you are going to use the machine, you still have to obey it. The man who is *making* windshield wipers cannot indulge in a sudden whim to make a couple of dozen semicircular ones; but the man who is *buying* the windshield wipers can choose between straight and semicircular, if both kinds are made, or he can have one specially designed for him.

“You pays your money and you takes your choice” is so familiar to us in commerce that we hardly recognize the choice as an element of our social freedom. One of the great, persistent rancors of the American people has been against monopolies, not because the goods they supplied were bad, but because there was no alternative—in price or style or quality. When such a “natural” monopoly as the telephone system refused to make any changes in the instrument, thousands of people bought their own French-

style telephones and attached them, against strictest orders from the monopoly. A passionate insistence on wasting their own money is another manifestation of this instinct for freedom, as if we felt that, at least at the counter, we will not be made slaves.

And this is quite right, because it is at the counter that we exhibit our strength and expose the fatal weakness of the kind of capitalism which failed to make terms with democracy.

WHAT DO YOU THINK?

- | | Yes | No |
|---|--------------------------|--------------------------|
| Do you believe that dictatorship needs soldiers and work-slaves and democracy needs civilians and consumers? | <input type="checkbox"/> | <input type="checkbox"/> |
| Is Communism in Russia a productive system? Fascism in Germany? Have they surpassed the capitalist productive system? | <input type="checkbox"/> | <input type="checkbox"/> |
| Is production coercive and consumption selective? | <input type="checkbox"/> | <input type="checkbox"/> |

XX. *The Financiers' Sit-down*

ONE OF the dominating propositions in this book is that your private interest, your chance of leading a peaceful and prosperous life, cannot be separated from the peace and prosperity of a vast majority of your fellow citizens—a majority running perhaps to 99 per cent of them. For their interests the term “general welfare” has been used. It does not mean the welfare of the country, which is a separate thing; a country may be wealthy, financially, while its people are poor. A government may have an actual surplus in the treasury while millions are starving. Foreign trade, the balances in savings banks, the amount of electric power consumed or of tonnage handled by carriers, and all the other indexes of mercantile prosperity may be high, while millions of people have not enough food to eat, and live narrow lives. Such conditions have existed, even in our own country.

The idea that we are all parts of one another and that the chain is no stronger than its weakest link is not revolutionary, but the practical application of the idea is. We can see this, I think, most clearly if we recognize the rather unpleasant fact that at certain times the interest of the middle class may be tied, not to the great number of those with similar incomes, but to the tiny group with much greater incomes.

Assuming that conditions were not right for the establishment of a Utopian society in the United States of America in 1776, we see a new country with a continent to explore and cultivate; this nation, opening its arms to millions of immigrants and constantly growing in population, needed certain things. The mines had to be found and worked; the land had to be cleared and planted; machinery had to be built and the factories that make the machinery had to be built in advance. The midlands had to be connected by roads and waterways and rail to the manufacturing and commercial centers on or near the seaboard. Ideally, no doubt, all these things might have been done through communal effort, without greed, without graft, without the creation of powerful wealthy families, without financial intrigue and political corruption. Actually, they were not, but the country *was* built up and

the foundations for a prosperous life for all the citizens were laid.

All through that period, it is quite possible that the interests of the middle class were actually served by the robber barons and the exploiters, as well as by the individuals who worked honorably for a reasonable return, to explore and develop the country's resources. It is easy to say that such a man drove fifty competitors out of business—but in doing so, he did bring the railroad through half a continent; another man cheated and bribed—but he developed the oil industry; and so on. The middle class was served because the middle class wanted a better standard of living, and if the middle class was robbed in the process, that was one way of paying for the service it got.

At that time, one of the great needs of the country was concentrated capital. If you had to have a million dollars to build a factory, or 10 million dollars to build a canal, or 100 million dollars to build a transcontinental railway, you had to get them from a small number of people. You could not go to half a million people and ask each for \$100, which was all they could spare; but you could go to the banks in which all of these had deposited their savings; or you could persuade half a dozen financiers to put up part of

the money and borrow another part and so put your enterprise to work.

This is not a defense of the capitalist system, but a possible explanation of our fondness for it. It may be a weakness on our part, but we do like a high degree of physical comfort; we like to make things and to use them. What we wanted, we got from our capitalists. It is not necessary to take the capitalists' word for this. Take it from Karl Marx: "The bourgeoisie, during the rule of scarce one hundred years, has created more massive and more colossal productive forces than have all preceding generations together."

Is it any wonder that the capitalist, having done so much, won our affections and persuaded us that he was essential to our well-being and that our destiny was forever involved with his? Nothing is more common than the argument that labor is the enemy of the farmer, that the professional and white-collar class is the enemy of labor—and behind these clearly defined oppositions there lies the suggestion that the prosperous class is the enemy of the poor. Behind nine tenths of the arguments on fundamental economic issues today is the constant threat that we are all to be dragged down to a lower level of comfort if we "permit" those at the lower level to rise in their scale of living.

Elsewhere in this book have been discussed those proposals which foresee the rise of all who are now in the lower income class to a level of actual comfort, *without* the necessity of dragging down the great majority of those in the higher brackets. Here we can pass by the question, in order to discover why the interests of the middle class are now detached from the interests of concentrated wealth and are inevitably connected with the general welfare as we have defined it.



Note that in the era which I have just described the essential thing was creating the means of *production*. That was why wealth and power had to be concentrated. When the productive plant of the United States was substantially built, the country turned to the export trade, sending out, not alone wheat and lumber and iron and other raw materials, but manufactured goods. To finance these sales, loans were made, and again concentration of money was needed. Our capitalists became international financiers. We forced our way into the European consortium which floated a loan to China; we had a war with Spain; we acquired outlying possessions; our industries established branches in foreign countries; and, after the World War, we financed our foreign markets by loans to countries and cities which in turn bought our goods.

If all these conditions have changed, the value to you and me of the concentration of wealth must also have changed. We do not wear our heaviest overcoats in the middle of summer. If we have had an accident, we change from a plaster cast to crutches and then to a cane, and presently we walk unaided; if we had kept our leg in the cast after the bones had knitted, we should presently find the leg atrophied.

Have the conditions changed? The country has been explored and developed; we are no longer seeking new land, but better methods of using the old. The essential plant has been built; we are on the brink of discovering more effective methods of using it and, while new inventions and new wants will bring in new industries, we can, according to the most expert engineers, live well with the plant we already possess. The international market has broken down, for a variety of reasons.

We are not dealing with theories. The argument in favor of a severe concentration of capital is that capital puts savings to work. It makes fruitful money which would otherwise be barren; it is creative and productive. If that is no longer true, then concentrated capital loses its function. It stops being of service. Look, then, at the figures. Note that from 1909 to 1929, more and more of our total income was saved. Between

SAVINGS AND INVESTMENTS

EACH FIGURE   2 BILLIONS

PERCENTAGE OF
TOTAL INCOME
SAVED

SAVINGS

INVESTMENT IN
PLANTS AND
EQUIPMENT

1909



15%



1914



18%



1918



19%



1922



23%



1926



22%



1928



24%



1929



27%



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1909 and 1914, you might say that the savings were invested in plant and equipment. The World War raised the rate both of saving and of using our savings—and it is not at all unreasonable to say that the war, by doing so, shortened the period of the usefulness of concentrated capital,¹ because, after the war, savings kept on increasing at a great rate, and investment did not. By 1926 we had some four billions of dollars more in savings than in 1922, but only two billions more invested in plant and equipment. In 1929 we had nine billion dollars more in savings, but only three billion dollars more invested.

These figures merely corroborate our own experience; during the war we built at an enormous rate; we had to. We anticipated the needs of the future. But the world situation had changed afterward. Until 1922 or thereabouts savings could still find a productive use. After that, savings went up and the opportunity for using them leveled off and “after 1926 there was relatively little increase in the amount needed for new factories, new machinery, new farm implements, new roads and to keep the factories in good

¹ In one of Arnold Bennett's novels, a character remarks that the war years counted double in determining the age of any man who went through them—because in four years, they exhausted eight years of mental and nervous and physical energy. Perhaps the same thing happened to a great many institutions which aged excessively in that period and anticipated their own future development, thus shortening their useful life.

running order . . . By 1929 there were nine billion dollars which were not needed to enlarge or renew our plant capacity." (From *Rich Man, Poor Man*). Mr. Harold Moulton, commenting on the same situation, says: "These savings, after providing for such increase of capital goods as could be profitably employed, we found spilling over into less fruitful or positively harmful uses, ranging from foreign loans (bad as well as good) to the artificial bidding up of prices of domestic properties, notably corporate securities."

That is to say, the savings were spilling over into speculation. The madness of playing the market has been ascribed to many causes, including the evil inherent in man's soul, but here we have a sound economic reason for it. *There was no productive way to use the savings* and so they were turned to unproductive speculation. Not a single pair of shoes, not a motorcar tire, a boiler, or an electric light bulb was added to the useful wealth of the country by the profits which people made in playing the market. In fact, corporations engaged in making these very commodities found a more profitable use for their money: they put it out on loan to speculators. A conservative economist, Dr. Virgil Jordan, wrote: "Many business concerns became investment trusts and banking institutions. They borrowed money from individuals who borrowed it from banks; they

loaned it in the call market to enable people to buy their own and others' securities; they traded in securities themselves. They made larger profits, not so much by producing and distributing goods as by producing and distributing more securities and by borrowing and lending more money."

It was estimated that speculators in Wall Street in 1929 were paying interest on six to eight billion dollars of security loans. That corresponds nearly enough to the nine billions of savings for which no productive use was found.

There you have the proof by experience that *the concentration of wealth into the form known as finance capitalism had ceased to be useful*. Between 1929 and 1932 it almost ceased to be profitable and there was a moment at the beginning of 1933 when it almost ceased to exist. It has staged a comeback since.

If we feel that there was, however, a time when productive capitalism was of use, we shall not approach it with any feeling of revenge for the wrongs it has done us. We shall not be at all anxious to destroy wealth; on the contrary, we can well believe that finance capitalism once created wealth, but now destroys it, and that a democratic capitalist system can be worked out of it to create wealth again.

For us, in the middle income class, it is obviously suicide to tie ourselves to that particular

kind of capitalism which at the very height of the boom period found nothing productive to do with its money and destroyed its own reason for existence by failing to invest. Can we, on the other hand, involve ourselves with the lowest income class, which has nothing to save and therefore nothing to invest? The answer to that question must repeat the little demonstration made elsewhere—that all our past economics are colored by our absorption in the productive end, whereas *we are proceeding toward a condition of society in which the consumer becomes economically the most important figure.*

(“You cannot consume what you have not produced.” Quite right. We know how to produce. We shall continue to produce. Our problem is to distribute. So long as this problem is being solved, the consumer takes the front of the stage.)

One thing we can be sure of: we cannot remain indifferent to the low income class. We can, if we wish to, throw our weight on the side of the finance capitalist and destroy the power of the low income class by way of a Fascist government. That is the function of Fascism and it is quite possible to achieve it. The only difficulty is knowing where to draw the line. Shall it be all of those under \$30 a week? And if that does not fill the bill, shall we then progressively enslave those getting \$50 and then \$100 a week? Then

shall we by financial juggling undermine the lower middle class and so proceed inexorably to the ultimate destiny of such a state, which is the submission of all the citizens to a small governing party representing the same 600 or 6,000 or 60,000 families in whose hands wealth remains?

We must remember that we have a massive productive plant available. If we put down the political and economic power of the poorest five or ten million workers and their families, we lower their purchasing power simultaneously. The only way we shall keep our productive plant running will be by orders from the state. We shall have industry controlled by the Federal government—and since this industry will not be needed for providing the necessities and comforts of the people, it will have to be used as all Fascist nations have so far used their industry—for the creation of armament.

The Fascist alternative to private industry, run for the ultimate comfort of the people, is state industry run for the purposes of war.

If we do not wish to run the risks of a Fascist society and therefore do not directly attack the lower income class in America, we can't for long leave it alone. It will not stay put. Part of it is organized, energetic, and led by aggressive men who are determined to procure a greater share of

the national wealth. Part of it has not yet been organized, but is highly susceptible. There are millions who may never join a labor union but will follow some new Huey Long or Father Coughlin. All over the world we witness the rebellion of the man who has been kept down. The reaction is less in our country, perhaps, than in many others, but we have made the more brilliant promises. The common man has been promised, above everything, that if he wanted to work, he could work; and if he worked well, he and his family would live well and there would be no bar to advancement. At a minimum, he will see that that promise is kept.

The system of finance capitalism, which in 1926 found no productive use for savings, began shortly thereafter to find no satisfactory job for millions of the creators of wealth. It is useless to cry out against the tactics of men who have decided that the promise of work and welfare inherent in American democracy will have to be kept *by someone else*, if the present rulers of the country's destiny fail to keep it.

Just as Fascism is a possibility in this country, the dictatorship of the proletariat is a possibility. I do not think it is nearly so likely to occur. But we can let a proletariat develop if we take away from millions of people whatever property they have, if we prevent them from getting the work

they want to do at a wage which will give them the reasonable comforts of life. And so we open the way for this vigorous group to clash with their economic masters and possibly to defeat them.

The third way recognizes the identity of the middle-class interest with the general interest.

Demonstration is not difficult. We—you and I and our financial superiors—obviously can put by enough money to build all the factories we need and more, but we cannot spend the money to keep those factories profitably employed. As a matter of self-protection we have to set more and more people to work at the very important business of buying and using up the things we make. We cannot give ourselves credit for a generous idealism and we do not have to accept any theory of the "rights" of any individual or any class. We come to it with no more prejudice than we come to a mathematical formula. Our productive machinery is geared, as the engineers say, to make X pieces of goods; no single individual can use more than three of these pieces a year, let us say. For the factory to run profitably—*over a long period of time*—the number of customers we must have is X divided by three.

We can evade this mathematical logic for a time, but in the long run it catches us. We can evade it by turning a button factory into a ship-

yard for making yachts—an expensive operation and one which changes it from a universal necessity to a luxury for the few. We can escape by persuading a considerable number of people to buy new cars before they have used up the old ones, or persuading a somewhat smaller number each to buy a second car. We can escape in the manner of the Fascist countries by making ammunition. (One of the familiar stories of Germany concerns the workman in a baby-carriage factory, who said that he kept on making parts of baby carriages, but no matter how hard he tried, they always turned into cannons when they were assembled.) We can escape by borrowing from past reserves or mortgaging the future in installment buying. We can escape by letting the government take a large proportion of profits and turn them into useless work or productive work. But in the end, if we want stability, we have to stop all these expedients and find a way to create a market big enough to absorb our profit.

We cannot do it alone. The experience of the New Deal was in itself a revelation of this impossibility. Wages went up to an extent and dividends went up even more; production rose to fairly high levels. But the unhappy third of the population to whom President Roosevelt so feelingly refers still was unable to buy its share of the

necessities, still had nothing to spare for any great comforts and luxuries, and prosperity as a whole did not return. In the years since 1929, new methods of production had been developed and factories had no need to re-employ millions, especially of the less skilled workers, because there was still no effective demand for their output.

The increases in income under the New Deal were of the utmost value in repairing the damages done by the deflations of the crash and of Mr. Hoover's early efforts to cure our economic sickness by pretending that we were just resting; but all the money, well used or wasted, could not create an effective long-run demand. Those on relief, and many of those working on government projects, got only enough for minimum requirements. The small farmer, profiting by payments for not producing, rescued himself from oppressive mortgages or debts and had only a little left with which to go to town every Saturday. Three quarters of the bonus money paid out was spent, but it merely gave a fillip to the retail market. We were appalled by the vast sums spent for recovery under the New Deal. We shall be more appalled if they turn out totally ineffective because they have been a series of shots in the arm, keeping the patient alive while nothing essential was done to restore him to health.

The restoration to health, it is understood, is the second part of the President's program, the part which is correctly called reform. At this moment the President has promised a plan by which even the burden of taxes would be lightened because of a vast increase in production based upon an increase and redistribution of income. If that is accomplished, all of the errors of the New Deal will be forgotten. Unless that is accomplished, all of the vast energies roused by Mr. Roosevelt and set at work for the purposes of recovery will not only be wasted, they will turn to destruction.

I have said that we cannot in the long run create an army of sufficient purchasers at the top or even near the middle of the income-tax classifications. If our productive system can be saved by supplying the needs of the 92 out of 100 families throughout the country who right now could absorb all of the products, then obviously the place to create purchasing power is where the needs are greatest.

They are natural needs; they begin with the three essentials of food and shelter and clothes. Two of these are constantly recurring needs and shelter is almost in the same category. You do not build a new house every year, but if you have the money to add to it, you improve it. You use new comforts in it—you air-condition or you

bring in electric power; housing, of course, implies furnishing and furnishing a house, as all those know who have experienced it, is an endless process, because it is an endless pleasure.

Among the things wanted and needed by some twenty million families who have lived under the comfort line are the vast and varied activities which are now generally lumped under the heading of services. These are extremely important, because into these services have come millions of men and women no longer needed in the factory and workshop.

I have given elsewhere the figures of those who cannot afford to go to a dentist or to a doctor—eight out of ten of us in the first place, half of us in the second. More schoolteachers are needed. But it is not only in the noble professions that services can be used. Manicurists and beauty specialists also fulfill a desirable function. A country which could use twice as many telephones would, in spite of the automatic dialing system, require a large number of additional operators and linesmen. For every service which can be legitimately rendered there are at least as many new clients as now enjoy them. It is among them that the support of the middle-class professional man is to be found.

WHAT DO YOU THINK?

Yes No

Have you tried to borrow money from your bank recently—at anything like the rate which the savings bank pays to you?

Has saved-up wealth (capital) provided as many new jobs in 1937 as the borrowed wealth of the government?

Do you know anyone in the low-income class (under \$30 a week)?

Would these low-salaried ones make good slaves if you were a Fascist?

Or good masters if they became ruling proletarians?

Would you like the industry of America to be run for war instead of comfort?

WHAT TO DO:

Invite your Chamber of Commerce, Rotary, and other business clubs, to make public everything they have done to increase the number of yearly incomes of over \$2,000 in your community.

XXI. *Alliance with Action*

WHEN THE economic argument is over, there is still another. The shock to the capitalist system has obviously broken the nerve of those who most profited by it. It did not render them universally impotent. Some of them reacted violently as did the metals industrialists in Germany and the owners of heavy industries in Italy. Some of them showed a kind of admirable solidity and a capacity for compromise, as they did in England. But the weakness of the finance capitalist in America was marked. It was not only that he could not establish a united front and could not elect a president and Congress to conserve his interests; the weakness was shown by the failure of the dominant group to suggest any plan that required positive action. It was openly said, even by reactionaries, that all they had to do was to wait until the radicalism of Mr. Roosevelt perpetrated sufficient errors; and the constructive side of the opposition to the New

Deal seems to be entirely contributed by a few intellectuals who were once liberals, while the bankers and the industrialists limit themselves to a kind of backfire criticism. When one considers that since 1860 the Republican party has identified itself with the full dinner pail of the workers and the savings and securities of the middle class, the failure to bring forth a rounded and constructive program becomes a positive sign of morbidity.

Conservative Democrats were equally unenterprising—and just as frightened by the experimental temper of the man whom they happened to elect to office. The result was that *all* experimentation seemed magical to those who suffered from the old system and malicious to those who profited by it. Actually, it was a mixed lot, some of it good, some feeble. But it was experimental and so differed from the stuffy thinking of the twelve years that came before. Since the market broke in 1929, the special thing which one can call upper-class thinking has lacked courage and originality; it has constantly been in retreat, as if restoring the glories of 1928 could somehow save the country without plunging us again into 1931.

The slow decline of the capitalist class passed unnoticed, as the encroachments of old age pass unnoticed when we see a familiar friend every

day, but the symptoms were there. When the serious crisis came, the dominant group was rudely shaken; but like a man with generations of sturdy forbears, it had reserves of strength to call upon. It may pull through and, like many an old man, may become more tyrannical as old age definitely sets in and the fear of death becomes a daily companion.

One can see that the old capitalists did not know what to do with themselves. The figures I have quoted indicate that they did not know even what to do with their money. The old-line capitalist fought against the new-line industrialist—a battle personalized and dramatized by constant hostility between Henry Ford and the banking interests.

The collapse of the fundamental brain work of the capitalist class was complete. Their first effort was to pretend that the universal crash simply had not happened; second, that it was unimportant. Although they had made the crash themselves, they then attempted to blame it on God. And when it was driven home that none of these explanations would wash, the defenders of the system who had only a few years ago praised it as the only one which could give permanent prosperity, abdicated completely and the best they could say for their system was that this was not the last depression, but that we should come

out of it—and head for a new one. That, in effect, was their argument to you, the ultimate sufferer, and that was their bid for your support. In the brief period during which they believed that Mr. Roosevelt had saved the capitalist system, they seemed to think that he had saved chiefly its defects; and in the bewildering variety of the experiments of the New Deal in its first four years, the antisocial privileges of finance capitalism sometimes gained as much as the actual productive strength of the country.

An utterly conservative and unimaginative labor leader like William Green, dedicated to the special interests of the skilled workers, could call for a *recurrent increase* in the worker's income as a partial insurance against the deadly failure of buying power in the country; but with a few exceptions, the masters of finance clung to the idea that, if money is to be distributed, it should pass out in the form of dividends to comparatively few people, who would in the end be unable to spend it effectively. Even under the first year of the New Deal the number of incomes under \$25,000 fell, while the number of those over \$25,000 increased. The thinkers in the capitalist class had obviously decided that the only way to cure a dipsomaniac was to give him more liquor than he had ever had before. And the middle class, which pays for the liquor, was asked to

sit in the back seat while the drunkard, protesting that the road was not so dangerous as it looked, grabbed for the wheel.

The whole course of events ran to the widest spread of education, the widest spread of the comforts of living; all the great inventions—the motorcar, the movies, the radio—were based on the maximum of participation; but the capitalist could see no way for the distribution of financial power. The actual number of small capitalists increased, but the concentration of power in the hands of fewer and fewer individuals went on still faster. Below the ranks of the small capitalist, there grew in terrifying proportions the number of the dispossessed.

The capitalist class, the extremely small number which had financial control of the country, seemed to lose faith in its own future. The moment it had no useful way to invest its money, it became helpless. At the present moment it is desperately bidding for the support of the middle class, as if only those who got us into our present misfortunes could possibly get us out of them.

The normal idea of an American middle class is to destroy all class feeling in America—not by eliminating minorities, but by combining interests of so many groups that the middle class is virtually the entire nation. This does not mean that 49 out of 50 million workers must all have

equally agreeable work at equally high pay; it does not mean that profit must be abolished, even if profiteering is abolished; it does not mean that one man must not employ 100 or 1,000 other men, even if it does mean that the terms of employment must be fair and reasonable. It means only that the middle income class cannot afford to have at its back a constantly increasing number of families living in squalor, from which crime and sickness spread, and a constantly increasing number of workers who have no property, no savings, no assurance of jobs—and are being rapidly deprived of their standing as citizens.

If we take pride in the fact that America was settled and developed by pioneers who lived through appalling hardship, if we feel that the strength that is left in America is in part derived from the tradition of facing poverty and danger, we must remember that the class which is now facing poverty and danger is the one from which the strength of the future will be derived.

At the present time the militant organized worker, the sullen unorganized drudge, the ignorant tenant farmer breaking into violence, the men and women on relief organizing to protect their miserably small interest, all seem hostile to the middle income class. Here we were apparently on the high road to recovery and the

whole process was stopped by strikes and riots and defiance of the law and murder. The moderately prosperous man feels that his security, his money, and his peace of mind are all threatened by these eruptions from underneath. He does not want to participate in the creation of new rights, new conceptions, and new arrangements of society.

So we get vigilantes. The principal of a high school in Lansing, Michigan, who is also chairman of the Americanization Committee of the local American Legion, announces the formation of a law-and-order group to "see that the Constitution is upheld" and that the nation operates in an orderly fashion and explicitly says: "we could resort to force if it becomes necessary." Anonymous societies spring up, announcing that they will protect the Constitution by defying the Bill of Rights. Congress can make no law abridging freedom of speech or of press or the right of assembly. These people stand ready to supply the lack; and so long as Congress insures a fair and speedy trial of the accused, these people will protect the American system of government by lynching or murdering their enemies.

The farsighted capitalist employer may make terms with his employees, but the befuddled man of the middle class obstinately refuses. He thinks

of labor as a minority interest—a danger to himself.

The true objective of the moderately prosperous is the satisfaction of legitimate demands without destroying their own security. There is no use pretending that any of us would cheerfully give up one fiftieth of our income; if you are accustomed to buying two five-cent weeklies, you would be irritated by the necessity of getting along with only one. We are too much attached to our possessions to let them go without a fight.

Unfortunately, some of our most cherished possessions are directly in the line of fire in the current industrial war. Neither side in that war is fighting for us. If we decide that we must put an end to the war in order to protect ourselves, we must first of all have that clear in our minds. We must somehow exert sufficient force to compel both minorities to lay down their arms.

In the summer of 1937, President Roosevelt said that the general attitude of the American people towards the series of strikes in the Middle West was "a plague on both your houses." It was generally taken to mean that the President, by using this quotation, was withdrawing from any partiality he may have had for the CIO; that he had no partiality for the heads of the steel companies was already clear. The President was

supposed to have gained in popular favor by this declaration.

The words which the President used occurred originally in *Romeo and Juliet*, as spoken by Mercutio when he is dying, killed in a brawl between the two houses of Montague and Capulet. It is generally taken that Mercutio is the innocent bystander in this quarrel, but the truth is that he is a friend of Romeo's and when Romeo refuses to fight for the honor of his family, Mercutio denounces him and deliberately starts the duel. It is only when he is dying that Mercutio appreciates the advantages of neutrality.

If we call a plague down on obstinate capitalists and aggressive unionists, we are calling it down on our own heads, because we have not provided a social framework in which the two houses can live side by side. It is because the right thing was not done years ago by ourselves that the wrong thing is being done now by others and, as usual, we are the victims. Nor are we actually in the position of an innocent bystander. We have taken sides. Strikes, we have quite properly felt, are against our interests; but we have done nothing to alter the conditions in which strikes arise and then have been furious when they broke out. We have arrived at the pitch of neutrality where we can call down a plague on both houses, but we have not made

sure that the plague will descend upon them with equal force. Vigilantism is a poor substitute for law; it is all the worse when it works only on one side.

We have not imposed on any employer, on any labor leader, the obligation of social responsibility. We shall not be able to impose that responsibility on one side if we do not impose it upon the other. If we try, we shall create enemies in our own land.

That is the obvious purpose of a powerful minority. In the steel strike of last summer, a number of spontaneous movements of citizens were noted. There isn't a doubt in the world that millions of citizens wanted the strikes to end and disapproved of the actions of both Tom Girdler and John L. Lewis. However, the activities of the more energetic of these spontaneous citizens need to be scrutinized.

According to Allen Grobin (in *The Nation*, July 10, 1937) the following events took place in the Johnstown district:

A rumor was spread that the Cambria mills would never reopen if the strikers won.

The largest department store laid off between a quarter and a half of its clerks in various departments on the first day of the strike, and the rumor was spread that those who remained would go on a half-week schedule.

Wholesalers put their accounts with small shopkeepers on a cash basis, compelling them, in turn, to withdraw all credit from strikers.

Of 700 vigilantes, 600 were applicants, on the civil service list, for municipal jobs, as firemen and policemen. "They were told that this job (as vigilantes) was a test of their fitness to hold city jobs."

In these circumstances, the spontaneity of the citizens' movement begins to be suspect.

Officially, the citizens of Johnstown were in perfect agreement with Governor Earle that the right to work is sacred, at least as sacred as the right to strike. The next move (reported in *Time*, July 12) was an attempt to create a "Johnstown Plan" for the nation "calling for a chain of citizens' committees across the land to protect the right-to-work against exponents of the right-to-strike." The guiding spirit among the citizens was, according to *Time*, "John Price Jones, famed Manhattan publicist and fund-raiser." An appeal sent to businessmen, civic workers, and chambers of commerce included the words "Loyal Americans will not fail . . ."

The special situation in the steel mills made this sort of appeal effective. The split in labor sometimes makes it appear that the employer is an innocent victim in the internal struggle be-

tween the CIO and the AF of L. The sanctity of the right to work is especially persuasive.

But until citizens simultaneously join movements protecting the sanctity of the right to strike, they are throwing their weight definitely against the side of labor. They are letting themselves in for the accusation that they want the right to strike to be taken away and, *in the present condition* of our laws and customs governing labor disputes, this means reducing labor to a servile state. The right to strike may have to be outlawed, but this can be done only after the relations between labor and employers are well established and whole-heartedly accepted. We are going through a transition period in labor relations and for the middle class to protect the employer, against the laborer, is sheer suicide.

It is hard to say at any moment how dangerous a vigilante movement may become and how long its dangerous phases may last, but as the principles are always the same, the attitude of the citizen whose prosperity depends upon law and order can be determined in advance. Vigilantism, which always pretends to defend law, is in practice the substitution of force for law. It has no doubt accomplished desirable ends in its time, particularly when laws were not enforced. But in a highly complex society, the danger of

vigilantism is that it is provoked deliberately by those who wish to escape from the workings of the law; it does not necessarily represent public opinion; and it can always be used against the interests of the public if it establishes itself. So that even a vigilante movement which is inspired by the noblest of principles in its first outbreak of activity can be used for the most criminal of purposes in the end. In the present state of the world, vigilantism is a step toward dictatorship.

What then can the honest citizen do? If he is organized—locally, not nationally—he can work with constituted authorities to check the activities of the vigilantes. If he is not, then it seems to me that one of the best things he can do is to join a vigilante movement for the purpose of creating within it a minority which will at least act as a brake upon the excess of mob power. The great force of mob is in absolute unity of purpose. Mobs persuade the indifferent and the hesitant; they have to act without allowing time to think. An obstinate minority can fight for time; it can bring prestige and authority to bear against a demagogue. I am suggesting no compromise with the vigilante spirit; I am suggesting a coldblooded attempt to spy upon it, to enter its councils for the purpose of moderation, and ultimately to destroy it.

So far, all the manifestations of vigilantism in America have been totally without principle. None has dared to offer an open Fascist program; all have declared themselves in favor of fundamental American liberties. Up to this time then, the citizen of the middle class who honestly wishes to preserve both the freedom and the prosperity of his class and of the country has the advantage. It is an advantage he will rapidly lose unless he clarifies his own ideas and can persuade a group far more powerful than the mob, that their money and their lives can only be protected by law.

In this connection, it is interesting to quote what Sir Edward Grey wrote in 1912 when England was going through a bitter coal strike:

“It will have to be recognized that the millions of men employed in great industries have a stake in those industries, and must share in the control of them. The days when the owners said, ‘This industry is mine. I alone must control it and be master in my own house,’ are passing away. . . . The Unions may, of course, like blind Samson with his arms round the pillars, pull down the house on themselves and everyone else, if they push things too far, or if the owners are too unyielding there will be civil war. . . .

“There are unpleasant years before us; we shall work through to something better, though we

who have been used to more than £500 a year may not think it better."

That was 25 years ago. In that time we have learned that "we who have been used to more than \$2,500 a year" will lose even that, if the "something better" does not arrive.

The current tactics of the employer who will not deal honorably with organized labor and of the labor leader who will not deal honorably with the employer, both break down the basic security of the mass of people who are in between. The great hope of freedom in America lies in the smooth working of the industrial system to produce such wealth as the whole of the American people can enjoy.

In the end, the middle-class interest lies with those who have the most wants and who, given sufficient income, will spend it to satisfy their wants. Combined with the class which is now prosperous, but cannot alone support our industrial system, they would constitute all but a minute fraction of the population—a fraction which has proved itself incompetent to use the vast power placed in its hands and, on the whole, indifferent to the general welfare.

It is not to the interest of the moderately prosperous class to tie itself now to an inexperienced and undisciplined labor movement; it is to the interest of a moderately prosperous class to give

labor every chance to become a satisfied part of the American system. So far no substantial organization of labor has asked for more than that; none has shown any sign of desiring to destroy the system; and the middle class is the one which has the greatest stake in preserving this attitude on the part of those who have had less than their share of the system's benefits. The reason is simple. If either the power of labor or the power of capital is destroyed by violence, the authority and the prosperity of the middle class will be destroyed.

Yet the concern of the middle class has to pass far beyond an interest in any organized group. The manual worker in America today is full of energy and full of confidence, but in spite of sentimental literary men, there is no special virtue merely in being "a proletarian." Even the fact that a man works hard in a factory or in a mine and gets less than he should for his work—even that does not automatically appoint him to be the savior of society. There is something to be said for the highly skilled individual worker, something for the man who plants wheat and raises cattle, something for doctors and nurses and cooks and expert accountants and plumbers and electricians; something for the small-town grocer and for the tailor in the metropolis. They may be unorganizable; they may not join in any

movements, even for the protection of their own interests; and because they are isolated, they may seem to lack life and power. But there is, so far, no proof that all men must be organized in guilds; and these millions of independent individuals have the virtue in them to be good citizens and the capacity to support a free government and a sound industrial system.

The history of the past hundred years has proved that certain groups cannot get even a minimum share of the wealth of the country except by organization. The same experience, especially in England and in Scandinavia, has proved that highly organized unions, *honestly accepted as parts of the social system*, tend to become more and more responsible and to eliminate industrial friction—which is another way of saying that they pay dividends all the way round. But that experience falls short of proving that every activity of man must be organized and incorporated.

The mania for unification comes over statesmen and economists. The infinite details of the NRA offer a mild example. Because certain widespread industries, truly national in their raw materials and in their distribution, could be or needed to be brought under Federal codes, codification, which makes things easy for officials to handle, was carried to such an extreme that the man who

was not under a code was virtually an outsider. But the true and full exploitation of the idea of organizing everyone and codifying everything is found under dictatorship—and, possibly, in Utopia.

In spite of all that is said of its sameness, the strength of middle-class life lies in allowing for the maximum of variation. In London, the Harley Street specialist exists side by side with the panel doctor supported by the government; the one may pander to the hypochondria of the rich and the other resent the miserable tendency of the poor to fall ill; but one does not exclude the other. In America, the public school and the exclusive private school and the experimental school continue. We have state colleges and universities whose private endowments make them virtually capitalist. We read movie-fan magazines, the *Saturday Evening Post*, and the *Atlantic Monthly*, some preferring one, some another. And so long as the basic strength of the middle class is in its power to buy selectively, variety is essential. Millions of people are at work, not employed by others, dealing individually with patrons and clients; perhaps a natural form which their commercial interest takes is a professional association. Millions of others work in groups of two or three or half a dozen, having a direct and personal relation with their

employer—assistants in small stores or workers in small shops. Perhaps the natural form which their commercial interest takes is not the same as that of 100,000 men doing the same work for a single employer—a corporation without personality.

It is vitally important to the middle class to determine what activities best serve the general welfare when labor is organized and at the same time to protect the welfare of those who remain outside.

WHAT DO YOU THINK?

	Yes	No
Can you tie yourself to those who have found no desirable way of using their own wealth?	<input type="checkbox"/>	<input type="checkbox"/>
Can the rich or the poor spend most on the legitimate necessities of life?	<input type="checkbox"/>	<input type="checkbox"/>
Did the New Deal create a permanently enlarged spending class?	<input type="checkbox"/>	<input type="checkbox"/>
Has the brain work of the financial leaders of the country been bold, creative, and sound?	<input type="checkbox"/>	<input type="checkbox"/>
Do you prefer vigilantes to law?	<input type="checkbox"/>	<input type="checkbox"/>
Is the labor war putting you in jeopardy?	<input type="checkbox"/>	<input type="checkbox"/>
Should all workers be organized?	<input type="checkbox"/>	<input type="checkbox"/>
Should no workers be organized?	<input type="checkbox"/>	<input type="checkbox"/>
Should some workers be organized?	<input type="checkbox"/>	<input type="checkbox"/>

WHAT TO DO:

Join every white-collar and vigilante movement in your neighborhood and fight like hell to keep its actions within the spirit of the Bill of Rights.

This will occupy all of your spare time.

XXII. *Must We Organize?*

A FEW months ago I published an article in the *Saturday Evening Post* dealing with some of the points made in this book. Among the comments I received was the following from Mr. Ben H. Smith of Roswell, New Mexico:

"I have just finished reading your article in the current issue of the *Post*.

"It gives me an idea which I am passing on to you. Why don't you talk the editors of the *Post* into organizing the common people . . . the right thinking people of the country for their own protection? If this sounds goofy, remember that everybody that accomplishes anything is organized, from the bricklayers to the bankers. I have often thought that some smart guy might do his country a favor if he would try organizing (for a change) the guys of the world who just ask for

fair play and nothing more than to slay the ambitions of the Gimmes. As you aptly call them, the cold-blooded thinkers. With the *Saturday Evening Post* behind you, a guy like you could do the job. The vast number of supporters you would get would surprise even the President. I'll sign up just as soon as you start."

Other people, in other words, said much the same thing and added something to the chapter which I had planned to place here. In spite of the permanent criticism that Americans always like to do what everyone else is doing, I have always believed that the average American was indifferent to organization for political purposes—especially outside the major parties. I knew that a Townsend or a Huey Long or a Father Coughlin could attract millions of Americans—but they started with a leader or a demagogue at the top appealing for support. I did not think that, left alone, many Americans felt the need of being organized or particularly wanted to be. I still think that if they do feel this way now it is definitely a phenomenon of the depression.

I admit that I was a little bit frightened. The moment a great mass of people wants to be organized, it is standing like wheat in the sun waiting for the demagogue to begin reaping. The moment a mass is organized, it is bound to be-

come the victim of its leaders; its power increases, but the direction in which that power moves may be changed at the will of the more energetic ruling group. Especially in a country which has been haphazard and casual and impulsive, the organized mass might be handled more effectively than any mob.

Yet, my correspondents were clearly aware of their own weakness so long as they remained unorganized. They had arrived independently at the idea that on every side of them were powerful groups, powerful *because* they were organized. No doubt they were impressed by the conspicuous triumph of the CIO in its strikes in the motor industry and in its recognition by Big Steel. But in the years since 1929 they had also learned that bankers are organized and manufacturers and retail dealers, and they suspected that the dominant industries of the United States were sufficiently interconnected to be considered an organized force. They had even seen that the jobless could be organized. They may have suspected that the spasmodic strikes of relief workers would lead to a permanent defensive organization creating a lobby greater than that of war veterans, labor unions, or manufacturers' associations. What they thought, above all, was that they had to make themselves effective in some way. It was the same feeling which sent

millions into the ranks of the Nazis in Germany when Hitler was rising to power. It was a feeling which had much to do with the first election of President Roosevelt, and will have much to do with the defeat of the Democratic party in 1940 if there is a general sense that the New Deal has created new organized minorities and neglected the unorganized mass.

One theme of this entire book is that thinking is being done on every side of the middle class, a great deal of it through powerful and energetic organizations. Therefore, the logical sequence would seem to be to urge organization on the middle class. I hesitate before this apparently inevitable conclusion because the major theme of this book is that the middle class needs to think, and I am not at all convinced that thinking is best done through great organizations. The reader who has gone this far must have felt a fondness on my part for individual liberty. I have criticized those who tell us that it is safe and desirable for us to exploit and develop our personalities, to branch out in our private lives; but that is only because I am afraid that the tree is being hacked down at its roots and we have to protect it. I do believe that the great virtue of a state is to allow the maximum number of people to live the fullest possible lives, so long as they do not harm others. That is why I am

prejudiced in favor of democratic government—not merely democracy as we know it already, but the greater democracy which we can develop, in which more and more of us participate in our government and more and more of us enjoy its benefits.

I see no conflict between a reasonable democracy and a vast amount of collective effort; I see no conflict between democracy and a government actively working for the welfare of the citizens, and my tradition and experience make me shrink back from a rigidly organized group which is bound to become the dominant power in the state, because such a group will almost inevitably attempt to destroy minorities and to destroy the freedom of the individual citizen within the organized group. If there is any other way of making the government responsive to the considered will of the people, I will choose that way.

But in writing this book and several others about America of the past and present, I have become more than ever aware of the dangers through which the unorganized middle class must pass. I have never accepted the idea that the man in the middle class is unintelligent and contemptible; but I see in him a kind of weakness of the will brought on by years of prosperity, by a fatalistic belief in ever-expanding wealth and

by the surrender of his political rights in order to relieve himself of political duties.

We have not ever experienced a political and economic situation in which the majority have been conscious of their own interests, have thought for themselves, and have acted with precision and promptness.

It may be that in order to think and to act, the middle class has to organize. If so, its first job is to think out the problems of organization itself—how to organize and for what purpose and how to prevent organization from destroying its own ends.

We have had a peculiar experience with organized citizens in the past few years. It was a lucky thing for the United States that the Ku Klux Klan of the early twenties gave a bad name to secret societies which, in the name of Americanism, attempted to destroy the liberty of America. Formidable as the Klan was, it was not powerful enough to corrupt the decency of the American middle class to which it appealed. After its decline, every organized movement of any scope had to make at least a pretense of candor. The nightshirt anticipated and defeated the brown shirt or the black. Even the murderous Black Legion of Michigan was a product of gangsterism more than of political activity.

All the other shirt movements, while they were detestable, were ineffective.

On the other hand, the semipolitical groups of Townsend, Coughlin, and Long were national in scope and must have had, among them, millions of members and supporters; and yet they turned out to be utterly negligible in the action for which they were formed. The death of Huey Long, of course, made a profound difference in the result; but even if you say that he might have run for President and polled millions of votes on his side, you prove not the effectiveness of organization so much as the effectiveness of a leader. The rout of the National Union for Social Justice was so impressive as to make us wonder whether any kind of middle-class organization can be effective, for it was not the Democratic party alone which defeated Father Coughlin; it was the Republican party as well. Assuming that any politician exaggerates the number of his followers, we should still have expected a vote of two or three million for Coughlin's choice. It is perfectly clear that people joined the organizations and then refused to vote with them. In a few isolated instances a Townsendite was elected to office, but even he usually ran with the support of the victorious party.

If we do not vote as we promise in our organizations, what shall we organize for? There is a

single alternative—direct action outside of the ballot box, and this fatally means defiance of the law. Not at once. We organize so that our protests will be more effective; we organize so that we may be counted and frighten our legislators. We organize, above all things, to protect the law. But if we are organized and will not vote as organizations—or find that even when we do vote we cannot gain power—we will snatch power in some other way. If we do not break the law, we will violate its spirit. If we elect our men to office, we will encourage them to destroy our opposition. Because we will be the party which has become the nation.

In the meantime we shall have lost everything we set out to gain.

I think there is one way to prevent all this. If we genuinely organize for the general welfare, our aims in New Jersey will be identical with our aims in Oklahoma—because the purpose of organization will be to put an end to special purposes. In that case, the need of a national organization is not so great. The more we gather in small groups, *the more we avoid a single central authority, the less danger is there of our being betrayed.*

The whole world is passing through a phase of enthusiasm for centralization. Industry and finance show the way which politics has followed.

Whole philosophies have been written to prove that centralization is "inevitable"—but they have not proved that it is desirable. Certain functions only a central government can fulfill; others, no central government should attempt. Possibly the effort to preserve liberty is best made by small groups mutually cooperating, and not by a thumping organization sending out orders from a central headquarters. Local bodies in the separate states and even in smaller districts—cities or counties or townships—may be sufficiently effective to preserve our liberties. So long as liberty exists locally, we have a chance to preserve it nationally.

There are simply too many of us to be organized on a national scale with any hope of preserving independence of thought and effective action. *Give us a grand commander of the army of liberty and we are instantly headed for the servile state.* We are asking one smart man to think on our behalf and are creating what we want most to destroy. We are taking the easiest way out to avoid the harsh necessity of thinking for ourselves.

I have said that our aims in New Jersey will be identical with our aims in Oklahoma. The danger would come when identity of aims in adjoining states would naturally suggest a coalition. The admirable passion of Americans for doing things without wasting energy would at once suggest

that in certain functions the local bodies were overlapping. They were doing the same thing and why not cooperate and do them more effectively together? A perfectly natural outgrowth of middle-class organizations in small communities would be to establish a central clearing house; and presently, unless this central body was carefully watched, we should have a center of authority.

To prevent this, we have to have a fixed principle at the beginning: that one of the purposes of organization is to preserve local rights; with big business organized, with labor proceeding to organization and with the government following a natural trend to concentrated authority, the purposes of middle-class organization should be to act as a counterweight against centralization. In practice this would mean that any middle-class union might contribute to the support of a national clearing house of information and ideas, but that the organization would prevent any decisions from being made through the center. It would be a good thing to forego the pleasures of an annual national convention, so that deliberately no national policies binding state or community units could be announced. It would be disastrous to have a national president who would be perpetually tempted to speak for the entire middle class.

It must be clear to the reader that I am prejudiced against a central organization for the middle class. I am convinced that the moment such an organization began to take shape it would be captured by the enemies of public good and it would be used to destroy our liberties. It would not create a thinking and energetic middle class which, to my mind, is the only force powerful enough to combine the basic interests of the great majority of the American people, specifically including the basic interests of the great unprivileged, the workers, the farmers, and the victims of prosperity. It is, at the same time, the only force capable of preserving our liberties while we pass through a vital change in the capitalist system without the violence of revolution.

Yet, the depth of my prejudice against such organization compels me to examine again and again the possibility that organization will come. In the next chapter I propose alternatives. They are not spectacular and they will not satisfy any appetite for violence and revenge. But if these alternatives are not used, if the distribution of our new prosperity is still lopsided and civil war threatens us, how can the middle class protect itself from its own organization?

That is one of the many right questions to which I know no answer, right or wrong. If the middle class organizes only to protect its wealth,

it will fatally make the mistake of trying to destroy the liberty of those whom it considers its enemies. By destroying those liberties, it will in the end destroy its own wealth.

Therefore, as a form of self-protection any middle-class organization should put down, as its first point, the assertion of minority rights. It is not necessary to make another Declaration of these rights; they are in the Amendments to the Constitution. *It is necessary to see that the rights are practiced.* The hard men of the dictatorships, the hard Communists, and hard corporation executives pride themselves on being above the sentimentality of minority rights; but *the hardest and most practical maxim of the middle class is that to save itself it must protect its enemies.* It may fight Fascism and Communism with an equal vigor, but it must fight ten times as hard to allow Fascists and Communists the right to speak and to print, to assemble and to persuade. If these enemies of the Republic are silenced, the weapons are made ready for the destruction of whichever major party was defeated at the last election. When that is done, we are undone.

The middle class cannot organize itself on an income basis, because its own members move forward or backward into the higher or lower brackets, and the essence of middle-class strength is in recruiting new members from below. It

cannot, therefore, be organized in opposition to those who have less money than itself. It can organize only to protect, not the wealth of one class, but the opportunities of virtually all. Therefore if the proposal is made to you that you join a white-collar group or an all-American party, or a middle-class union, the first thing for you to do is to determine against whom the organization is to operate—and with this you should discover where the inspiration came from and whether there is a subsidy and who pays it. The next thing is to find out the limitations of membership—are they racial, religious, political, economic, or what? When all these things are known, you can inquire whether the proposed organization will set itself out militantly to defend the right of its enemies to make themselves heard. Will its members stand between hoodlums and peaceable assembly for any purpose whatsoever? Will its organizers inspire hoodlums to protect Americanism?

It will not be easy to get honest answers to these questions. The men who will seize on the middle class as a weapon will always have smooth and reassuring replies to make. You will have to develop some instinct, to know these people by their political smell. They will all be remarkably patriotic.

It is your business to take patriotism away from the scoundrels.

The only good reason for organizing the middle class, it seems to me, is to prevent it from being organized to destroy liberty. The only method I can see at this moment is to organize locally in small cooperative groups and so to satisfy our need without delivering ourselves into the hands of our enemies.

In the next chapter I suggest certain activities which may make this kind of decentralized organization sufficient.

WHAT DO YOU THINK?

	Yes	No
Are you naturally a joiner or a stay-outer?	<input type="checkbox"/>	<input type="checkbox"/>
Are you afraid of mass movements?	<input type="checkbox"/>	<input type="checkbox"/>
Do you feel the strength of organized groups around you?	<input type="checkbox"/>	<input type="checkbox"/>
Is thinking best done through great organizations?	<input type="checkbox"/>	<input type="checkbox"/>
There is no conflict between democracy and collective effort.	<input type="checkbox"/>	<input type="checkbox"/>
The middle class has surrendered its political rights in order to escape its political duties.	<input type="checkbox"/>	<input type="checkbox"/>
An unorganized middle class must be the victim of both organized extremes.	<input type="checkbox"/>	<input type="checkbox"/>
An organized middle class must be the victim of demagogues—and will destroy itself.	<input type="checkbox"/>	<input type="checkbox"/>
Decentralized organization should suffice for the middle class.	<input type="checkbox"/>	<input type="checkbox"/>

WHAT TO DO:

The suggestion at the end of the previous chapter still applies—and you will have little time for anything more.

XXIII. *Plan of Action*

THE FIRST principle of action is

Don't write to your Congressman.

There are several reasons for this—some touching your Congressman and some touching yourself. As for the first, writing to your Congressman and, more particularly, telegraphing to him have become specifically a racket. By this time even Congressmen know that a flood of telegrams are not precisely the voice of the people and are almost certainly not the voice of God. When certain public utilities paid for thousands of telegrams and somehow had them signed with the names of people, living or dead, favorable or opposed to the pending legislation, and all the names happened by chance to begin with two or three initials as they occurred in the telephone directory, they not only made fools of themselves, but they destroyed one of the good methods of

democratic control—one of the proper methods of putting individual pressure to bear on our legislators. Signing petitions, mailing identical letters, and all the other forms of whipped-up communications to Congressmen are now bound to be under suspicion. The truth is that you can get a vast number of people to sign almost anything if the propaganda is skillful enough. The racket has even been used commercially, when a mildly pacifist petition was tied up with the exploitation of some proprietary medicines. A carefully thought-out letter, expressed in your own words, may still have some effect upon your Congressman, but in a great majority of cases he will be justified in thinking that your letter proves nothing but the existence of a high-power propaganda in the background. Moreover, your Congressman is a busy man and the people who influence him are those who approach him in quite different ways.

The second reason for not writing to your Congressman is that the moment you have written you feel that there is nothing more for you to do. At least, you have nothing more to do until election time comes around and by that time your Congressman may have found other means of persuading you that he is worthy of another term.

What should you do instead? The first thing is to find out the names of the men in your own

community who have done most to elect the Congressman—his campaign manager, the political boss of the district, the committee which discovered that your Congressman was the ideal candidate, the head of the Women's Auxiliary of the local political party, who worked so hard for the election, all the small leaders. No matter how busy the Congressman may be, he is never too busy to listen to reports from these people. They do not need to send him a thousand form letters. They call him up and say that the people on the West Side or the boys on South Main Street don't want such and such a bill passed.

I would not write letters to these local politicians. It is very easy to answer a letter and politicians know that it is easy to write one, too. The district boss gets a letter from Henry Brown saying that the Neutrality Bill sets a dangerous precedent, and he says to himself that Henry Brown has been reading the editorials of the *Times Express* or has been getting pamphlets from some organization, and probably Henry was feeling sore at somebody this morning so he dictated an angry letter to his secretary. The boss then writes a letter assuring Henry Brown that his views on the subject will be transmitted to the gentleman in Congress, with many thanks for bringing his point of view to the Congressman's attention.

But suppose that four or five respectable businessmen were to let the district chairman know that they were going to call on him. Not at lunch, but right in the middle of a business day, they were taking time out because they wanted to tell him something of importance. Suppose they came and said that they had been talking over the new proposals for taxes on corporations with ten or fifteen other businessmen and had come to the conclusion that three clauses in the bill were desirable and four others were not. Suppose that, quite independently, a doctor and the local manager of a chain store and a vice-president of a street-car line and a clergyman came to the district boss and made similar criticisms, not necessarily choosing the same clauses for approval and disapproval, but proving conclusively that they had studied the proposed legislation and knew what they wanted done. Suppose that this kind of reporting to the district boss was not limited to the prosperous "better class" but went up and down the scale, including representatives of the country-club set and the labor unions and the boys in the back room and some "disgruntled radicals." Would not the district boss, whose job it is to reelect his Congressman, at least send word to Washington that the voters are profoundly interested in this or that bit of legislation? Wouldn't he advise the honorable member

to get to work and study the bill before he made any promises to his party's floor leader? Wouldn't the meaning of the word "Representative" become distinctly clearer?

I have elsewhere suggested that it might be a good thing to send some little books and pamphlets to your Congressman, and that you should request from him an opinion on the material you send. As a practical matter, there are other more important demands to make on your representatives, in both the state and national legislatures. You ought to insist upon a steady interchange of visits. Every man you elect to office should be trained by you to receive you or your deputies, to listen to your opinions, and to discuss his actions with you. Furthermore, he should expect to be met at the end of every session, not by a brass band and not by a lynching bee, but by an assembly of citizens who know every vote he has cast and are prepared to hold him to strict accountability for his actions, demanding a reasoned explanation for everything he has done—or failed to do.

Such an explanation is given in rather florid terms whenever a candidate comes up for reelection. Then he has the enormous advantage of a national party machine, and he has to defend, in most cases, actions which have been forgotten. If you will take the average campaign speech,

you will see how much of it is devoted to the future and how much to "pointing with pride" to those actions in the past which have proved successful or have taken the popular fancy, and how little to a reasoned explanation of the great majority of a candidate's actions. The candidates get away with this because the voters, left to themselves, do not know what their representatives have done and, if they do know, are inclined to forgive, providing the candidate has been faithful to the local community or to the party he represents.

A legislator who expected to be called to account every three months for every single one of his votes might be a little more careful. Certainly, he would know to whom his first loyalty belonged.

The business of attending to politics is bound to take time. It obviously would require, as a minimum, getting information, meeting others to discuss it, making visits of reproof or warning to district leaders, traveling to meet your Congressman or Assemblyman at various times. I do not suppose that every individual can do all these things. That is not even necessary. So long as a great number of citizens are known to be watchful of their own interests, they can divide off the necessary activities. Some may work in one field, some in another. The effect on our law-

makers will be adequate. (The same pressures should be applied to aldermen and mayors and county superintendents of schools and to all officials who are supposed to be responsive to the public will.)

I am certain that other ways of indicating interest in public affairs will be found. In special fields there are numerous organizations through which action can be taken, various consumers' institutes, for instance, and voters' leagues are already in the field. But at the present time I can think of nothing more useful to ourselves and to our elected officials than actual direct personal participation. We have been indifferent so long that we have to be exceptionally active. We have deputized so many things that we have to draw every possible interest into our own hands. We have let our Representatives and Senators run along without rendering any account of their actions, so that now it is to our advantage to come down like bank examiners at regular intervals, with surprise visits now and then.

Will our Congressmen and Assemblymen resent our interest? I sincerely hope so. But they are not unaccustomed to making a statement of account and a defense of their actions—only, they do that to a few party leaders and not to ourselves. I received the other day a letter from a political club in my district, saying that one of our United

States Senators had visited the club and had promised his support to the regular leaders. This particular Senator has many admirable qualities; he has spoken to the nation in defense of certain bills. But he is not called upon by the people to account for his actions more than once in six years, whereas the party leaders are in his confidence from day to day.

I suspect that a great many people "can't see themselves" dashing for the state capital or Washington, or meeting in some large auditorium to hear what a Representative or a Senator has to say for himself. They "would be making themselves ridiculous" by doing such things. The reason is that they have lost the habit of political activity. It is a habit easily acquired, particularly if, by giving a few hours a week to the work, they can save themselves \$1,000 or \$2,000 a year—and more or less as a side issue, save their country from disaster.

In another chapter I have explained the advantages of small local groups as opposed to a single national organization. The advantage when you come to direct action is also marked. If you become a member of a national organization, the natural tendency is to think that somebody will act for you. If you are a member of an organization of fifteen or fifty people, *all of whom know you*, the chances are that you will keep them on the

job and they will keep you on the job, and this is particularly important because a great deal of your work in protecting your own interests has to be done locally. Even if your district is served by a chain newspaper and a radio station connected with a network, you can be one hundred times more effective as a compact and energetic local body than as a national organization.

I do not mention the press and radio at random. Directly after the basic problem of bringing influence to bear on Congressmen comes the problem of insuring a continuous flow of unprejudiced information, and for that you are responsible. Because, if you make your point vigorously enough, you will get the kind of newspapers and the kind of radio news and comment which you desire.

Newspapers in small cities and large towns are often blamed for printing too little news of national importance and devoting too much time to local interests. But the newspapers are right; they work on the principle that we are interested in things because they are important to us. The moment the readers understand that in self-protection they have got to know more about national affairs, these affairs will become of surpassing local interest. Possibly, the one good effect of the NRA was that a national event was temporarily of surpassing interest to every locality.

For the most part, the great news services supply facts and it is up to your local newspaper to give them the kind of prominence which you desire. There is not a newspaper in the country which would not buy the syndicated comments of any writer, no matter how high the price, if there was a sufficient demand for it. If you feel that your newspaper is overloaded with a one-sided interpretation of the news—and if you are willing to learn what the other side is—you can get the opposition represented in your paper. The majority of the effective political commentators are conservative, but there are at least half a dozen popular ones who are New Deal or liberal or mildly radical. If you want to know what the other side thinks, you can ask your newspapers to give you, every Saturday or Sunday, quotations on all important issues from all shades of opinion. It will be an inexpensive feature for the paper and, if the editor knows that you are going to read it, he will be glad to print it.

But, above all, you can demand from your paper that the facts shall be always available and that no prejudice should ever lead to burying the important ones on the fourteenth page, while those that seem to favor the editor's side take the front-page headlines. On the negative side, you have the right to complain whenever you think there has been a distortion of news—a distortion

not merely of facts, but of emphasis. You are entitled to tell the editor that you do not care for his methods, and you are entitled to go further. I do not know what the local laws of boycott are in every community, but nothing can prevent you from saying to the manager of your local department store that you no longer see his ads because you are no longer reading such and such a newspaper which you consider misleading and untrustworthy. That kind of pressure will promptly make itself felt on your local publications. Take a look at newspapers from other cities and, if you find the kind of treatment of news which you think is desirable, show it to the managing editor of your own.

All these things should be done by the kind of deputation which I have described for influencing Congressmen. It may take an hour a week at the beginning, and you may run into a little unpopularity. Certainly, there will be those who will try to laugh you out of your endeavors—but you are fighting for your money *and* your life and you can take the rap.

The summary of the world's news on the air is usually made with the strictest impartiality, but of all the news that comes in, only a part can be given to you, and those who make the selection are fallible human beings like yourself. By protesting against errors, and even more by

indicating a positive desire for something else, you can see to it that the right news is given in the right way. If you think that the late afternoon news broadcast during the summer should not be devoted so much to sport, there is only one way of having it changed. Impress the manager of "the station to which you are now listening" with the fact that a sufficient number of good citizens in the district will listen to another kind of summary. If the commentators available in your locality seem to you inadequate or prejudiced, find out where a more intelligent commentator may be heard and ask your station to get him.

It would be a good idea also to warn your local movie houses. The managers are remarkably sensitive to comment and are accustomed to organized protest about their feature pictures. Your immediate interest should be in the newsreels. There are not many sources of newsreels and it is extremely difficult to get reasonable coverage of important news in the twelve minutes or so usually devoted to this item. You can do two things. First, protest against newsreels which are definitely editorialized on one side of a controversial issue without giving equal prominence to the other; and second, ask the exhibitor for more intelligent pictures. During a presidential campaign the newsreels try very

hard to be neutral and to give speakers of the major parties at least an equal chance. People have got into a rather childish habit of hissing all candidates they do not like; but you can assure the local manager that you will gladly listen to your enemies provided your friends have a fair hearing. And, more important still, you can advise the manager (and he in turn will advise the newsreel companies) to throw out a lot of the silly items and to give you more of the important ones.

If you will turn your mind back to the first months of last year, you will recall that in the midst of the sit-down strikes and the Supreme Court controversy and the brewing of international war in Spain, you probably saw tiny flashes of movies connected with these events, and 10,000 feet of winter sports, bathing beauties, and men climbing hills on motorcycles. The makers of newsreels filled up with these things because they were afraid of touching on significant questions about which movie audiences may have divided opinions. It is your job to insist that you are willing, after an hour of the fluff and nonsense of a feature picture, to stand ten minutes of a newsreel which actually brings news, and that you are not afraid of letting another man's opinion be heard in fair dispute with your own.

These are only the most important agencies for spreading information. Professors, visiting lecturers, ministers of the Gospel—every man who has access to the public—ought to know that there are people in the community who are checking his thoughts and who will not permit misrepresentation to pass without rebuke. In all of this there is not the faintest suggestion of pressure to prevent a man from delivering his honest opinion. But, if a professor or a preacher is receiving a much-needed addition to his salary from a corporation, and if the ideas he expresses are those which the corporation wants expressed, the knowledge that citizens are watching him and will call his bluff at every turn is actually a safeguard to freedom of speech, and not a deterrent.

You and your friends will not like to be called monsters of civic virtue. There is no reason why you should be. You are engaged in a straight business deal. You have invested your money (and your life) in the business of making a decent, comfortable and comparatively free life for yourself and your family. You are not trying to introduce high morals into politics or to shed sweetness and light over the lives of the poor or do anything else which has the slightest ethical glory. You are merely protecting your investment. You are entitled to use every lawful method to do so.

Sometimes it does not seem like a business deal so much as a poker game in which you have put up all the stakes and your opponent never lets go of the deal. When a man deals from the bottom of the deck, the player who catches him is not considered a sour-faced Puritan or a fanatical reformer. He is injecting a moral note into the game, to be sure, but his main reason for doing so is that when the game is honest his chances of winning are exactly the same as any other man's. That much you are privileged to do without becoming a prig and a pest in public affairs. And it is enough. When you are playing against a racketeer (in crime or in politics or in industry) and you put down two aces, you are willing to lose to three deuces, but not to three other aces!

The fact is that we have gotten into such a rut, taking whatever is handed to us, we are being continually bluffed out. We don't call often enough. So, the first principle of action is always to call. Call in groups of half a dozen on your political leader or your editor; call on your neighbors, conservative and radical, and find out what they think. Call mass meetings of protest or approval. Call every false statement that affects your interest and call every bluff.

There is a question of how often you should call the bluff of a national administration which does not respond to the will of the people. The

four-year term is not sacred; in practice it often is an eight-year term, and it may become constitutionally a six-year term. In England the term for which Parliament is elected is seven years; the system is more responsive because a party may be thrown out of power and the opposition may come in without any general election; or a general election may be called whenever a direct mandate of the people is required to keep the government functioning. In effect, we have in America an absurd situation by which, two years after the election of a President, we can indicate our disapproval of his course without compelling him to alter it. The Congressional elections at that time may all go against the administration without electing enough new members to destroy its majority.

We have recently developed new methods of testing the response of the voters. The straw vote, or poll of public opinion, is still an imperfect instrument, but the time may come when it will give an accurate reflection of the general will, and the official elections in November may be nothing more than a formal rendering of a verdict known in advance.

A mechanical device originally intended for balloting on the popularity of radio programs may provide still another method for registering

public opinion. The radio mechanism developed by Dr. Nevil Monroe Hopkins can definitely record a vote. In one test 44,000 people voted. At 9 P.M., in response to an earlier announcement by newspaper and over the air, they signified their presence by turning on their radios; at 9.01 those in favor of a proposition were asked to vote and 36,000 of them did; at 9.02, 8,000 others voted nay; so that at the end of two minutes and twenty seconds a complete tally had been automatically made.

This is hearing the voice of the people with a vengeance, and it is easy to see the virtues, and the dangers, of such a system. A vote taken right after a stirring emotional appeal might be far from the considered judgment of the people who voted. One of the things that we have to think most deeply about is *how quickly we want the will of the people to be put into action*. Conservatives want the maximum of delay, radicals lean toward the minimum. The basis of our present system is that in the course of time the will of the people is done. We have seen it done with painful delays in dozens of cases affecting the social welfare. In 1937 the Supreme Court denounced the Supreme Court of 1921 for obstructing the law dealing with the working conditions of women. On the other hand, the Repeal Amendment was passed with the utmost dispatch.

One thing is certain: the demagogue will get the break of a lifetime if the will of the people can be instantly recorded and quickly translated into action. On the other hand, more people may interest themselves in public affairs if they know that they will be called upon to render frequent decisions.

Our present system of delivering judgment on all the acts of an administration every four years has great advantages. It gives the executive time to make errors and to overcome them.

But the long term, even with the "warning bell" of the Congressional election at the end of two years, dulls our concern with politics. The campaign comes along and only the events of the preceding few months count for very much and all the harm which has been done to us may be forgotten if some temporary benefit has intervened.

Possibly, some modification of our present system could be made. Perhaps an administration defeated three times in succession—in specially called balloting—could be compelled to surrender power to the opposition—as a side in baseball is retired when three men have been put out. Perhaps some way could be found to make the biennial Congressional election more effective if the country had lost confidence in its leaders.

Shortening the distance between the public will and governmental action will not do the slightest good if the public continues to be thoughtless and ill-informed. The objection that people will act without due consideration, and indulge every passion, is perfectly sound. But these transitory whims, these outbursts of enthusiasm or anger, will be less dangerous if there is a direct way to express them politically. Without the chance to vote, the whimsical or passionate voter will ultimately turn to whatever demagogue promises him the most direct action.

We have had passionate mobs in America before and they have been checked, either by the influence of a powerful minority or by the common sense of the majority. We have to face the fact now that political education has not kept pace with ordinary education. This means that *while nearly everybody can read a lie, only a very few people can discover that it is a lie*. Even the ability to read is no longer essential, and the utterly ignorant can pick propaganda out of the air. Because we of the middle class have neglected our political obligations, the habit of thinking about politics has virtually disappeared and we have no standards, no tests for the truth, so that we are governed by the ballyhoo of campaigns. Unless we restore the habit of political action,

we shall be governed either by the voter who follows the loudest demagogue or by the mobster.

It is comforting to hear that in the long run the people choose wisely. That is a maxim of the days before organized propaganda. It belongs to the time when the thoughtful few were influential and when people tipped their hats to the squire. Our need now is to democratize political thinking so that it marches along with political action. We won't make 30 million voters aware of the significance of political action overnight. But millions of them are as capable of cross-examining a Congressman as their grandfathers were when they sat around the cracker-barrel and really concerned themselves with what was going on in the state capital or in Washington. These intelligent ones become centers of influence if the business of politics is taken as seriously as any of the other businesses of life which politics protects.

“In the end the people always choose wisely.” It is true only when people have the tradition of choosing and exercise their right to choose.

WHAT DO YOU THINK?

- | | Yes | No |
|---|--------------------------|--------------------------|
| It is better to send a deputation of ten to the district leader than to send 1,000 telegrams to a Congressman in Washington. | <input type="checkbox"/> | <input type="checkbox"/> |
| You buy the papers. Do you get all the news and viewpoints you would like? | <input type="checkbox"/> | <input type="checkbox"/> |
| Do you regularly read <i>any</i> commentary or editorials <i>not</i> representing your own political opinions? | <input type="checkbox"/> | <input type="checkbox"/> |
| Have you ever protested to your local newspaper or radio station about suppression or distortion of news, or partisanship in treatment of news? | <input type="checkbox"/> | <input type="checkbox"/> |
| Have you ever protested to your neighborhood movie house about the quality of films and newsreels? | <input type="checkbox"/> | <input type="checkbox"/> |
| Have you ever gone to a neighbor's house with the express purpose of discussing political issues of importance to yourselves? | <input type="checkbox"/> | <input type="checkbox"/> |
| Have you ever taken neighborhood action on such matters? | <input type="checkbox"/> | <input type="checkbox"/> |
| A system of government more quickly responsive to the will of the people is desirable. | <input type="checkbox"/> | <input type="checkbox"/> |
| Until the American people begin to think for themselves, the system should not be made more responsive. | <input type="checkbox"/> | <input type="checkbox"/> |

XXIV. *Must We Choose?*

THE HEADINGS of several chapters in this book are in the form of questions. I have been told that this is dangerous, because questions are considered provocative and people don't like to be provoked. I have to take the risk. I remember that Aristotle was called a great critic, not because he always knew the right answers, which he did not, but because he always asked the right questions. It also sticks in my mind that a great many people intentionally work us up into fits of excitement over questions of very little importance. As this book is meant to indicate the dollar-and-cents value of thinking for ourselves, a question or two will not be out of place.

But for the question above—must we choose?—I think it is only fair that I should abandon any pretense at impartiality. I believe it would be a misfortune for the world and a fatality for America if we had to choose between Fascism and

Communism. I believe, further, that we are under no obligation to choose and that every time the choice is put before us it blocks straight thinking about the real choice. That is: whether we shall create a complete democracy for the first time in history or allow our start in democracy to collapse. Merely defending what we have will not be enough; when people defend, they are likely to defend vices and virtues together.

Opposed to the democratic system are two types of dictatorship which are in the process of building; if we stop building democracy, they will easily defeat us.

Both of these systems, being in the building stage, are rude and energetic. Their rudeness comes to us in the form of atrocities, executions, cruelties—and a fanatical fervor which sometimes seems to us inhuman; their energy we get in the form of huge constructive works, great plans, and decisive movements in international diplomacy. In both of these respects the new states are far more interesting and exciting than established nations trying desperately to hold on to their own.

Before we can determine our attitude toward the dictatorships, we have to skip both the atrocity stories and the overblown publicity about accomplishments. Fundamentally, neither Fascism nor Communism need be bloodthirsty; it is conceivable that if they ever were completely

successful, the brutality of the one and the cold-blooded ruthlessness of the other might disappear. On the other hand, neither Fascism nor Communism is nearly so successful as the propagandists pretend. The draining of the Zuider Zee in Holland is as magnificent an operation as draining the marshes in Rome; the trains run on time in England as they do in Italy; the runners representing America are as fast as those of Germany; the ball bearings made in Sweden do their work better than the electric-light bulbs made in Japan. So far, dictatorships have succeeded only in dictating.

If we can rid our minds of the propaganda for and against, we can arrive at the essence of the dictatorial states. Their ideals differ. *Communism in its perfect form creates a new system of human relations based on the destruction of private property. And Fascism creates a new system of property based on the destruction of human rights.* For the Fascists, the ultimate purpose is the wealth and the glory of the state, to be paid for by no matter what sacrifice on the part of the people. To the Communist the ultimate purpose is the disappearance of the state into a classless society, to be paid for by no matter what obedience on the part of the people. At the far end the Fascists promise national glory and the Communists promise international prosperity.

Actually, both are economic systems, both are methods of production; both claim to be opposed to the capitalist system. In the Fascist propaganda the corporate state is the natural successor to capitalism; in the Communist propaganda capitalism must break down and create its opposite, a society without class divisions in which the essential means of production are owned by all. In practice, the Fascist state has uttered threats against the owners of the great mines, factories, and banks, but has been supported by them, because it has enslaved the working class and taken power away from the middle class. In practice, the Communists have destroyed the private ownership of immense factories and banks and have established a vast bureaucracy through which a small group of people control the work and lives and thoughts of all the rest.

Naturally, neither Fascists nor Communists would accept this description of their activities, but that is the description which they would give, each of the other. It is between two such dictatorships that the people of the United States are asked to choose and, whenever they refuse, they are told that by that very refusal they are choosing. If we shrink from Communism, we are called unconscious Fascists; if we denounce any infringement of our liberties as

Fascist, we are supposed to be unconsciously influenced by Communist propaganda.

It is my point that before we can begin to think our way clearly through this tangle, we must make up our minds that the dilemma is artificial; it is a deliberately planned, logical trick to prevent us from seeing the real facts, above all the prime fact that we do not have to choose between the two competing European systems. The real choice is between all forms of dictatorship on one side, and the democratic system on the other. In their early years, when they were rising to power, the representatives of both kinds of dictatorship made this perfectly clear to us. Mussolini called democracy "a rotting corpse." The Communists complained that the democratic process of government was a fake, merely a façade for the aggrandizement of the capitalists, outmoded and "bourgeois"—"bourgeois," meaning middle class, was the uttermost in Communistic contempt.

Since that time, the two systems have clashed directly and each has become conscious of the fact that it will need outside support. The Fascists have, therefore, emphasized the hostility of the Communists to democratic government and have claimed for themselves that they are the true protectors of our freedom. The followers of Hitler have insisted that he was duly and "democratically"

elected over his rivals and that elections since that time have given him almost unanimous support. (*It is not unanimity, but diversity, of opinion which makes a democracy.*) On the other hand, the Communists have announced that the new constitution in the Soviet Union embodies the secret ballot and other democratic devices; they point out that democracy has been destroyed in the Fascist countries; and they are quite willing to join all democratic movements in a popular front against Fascism. (It was incidentally explained that the secret ballot must be used to choose among various Communist nominees, and that the inclusion of an opposition anti-Communist party could not be tolerated.)

It hardly matters to us when Fascists and Communists assert that they are fighting our battles, because *we cannot fight their battles*. The thing they want to create is a condition of society hostile to our own. They want to create a unified state with absolute power and no minorities. And this means, in effect, that they want to create a system based on European experience, in which a small group of directors and a large bureaucracy will take the place once held by the king and his council and the court.

We have been told specifically by the leaders of Fascism that theirs is the final form of society for 1,000 years. The Communists, having a longer

background of theory, project their state into all eternity. The theory is that one class has always been in power at the expense of another; then the powerful class has unwittingly destroyed itself and given place to its opposite. Communism, in theory, destroys the whole class struggle and creates a classless society which, therefore, gives us the perfect state. (For some reason, not quite clear, the Proletarian class, taking over dictatorship as a step on the way to perfection, will not destroy itself and give way to its opposite; it will simply evolve itself into oblivion.) The brutal fact remains that until the perfect state arrives, Communism is a system of government based on absolute and centralized control over the lives of all the citizens.

The practical objective of the Communists is to create a master class, drawing its strength from the benefits it brings to the workers; the practical objective of Fascism is to create a servile class of workers, living for the benefit of the industrialists and politicians who call themselves "the state." In both cases you see reflected the entire course of European history.

The course of American history is different. From the very beginning, America had been actually a group of nations. Even when most of the states were on the Atlantic seaboard, their interests differed. The merchants of New England

did not always see eye to eye with the manufacturers of Pennsylvania and the planters of South Carolina were opposed to both of them. The Civil War, quite apart from the interest in slavery, marked a deep division of ambitions between the agricultural and the manufacturing states. We had a concealed war during the settlement of the West, between the cattlemen and the farmers. Our states developed at a different pace, and the conservative East uneasily watched the experiments of the Middle West in political reform. In the forty-eight states, with their different climates, their different traditions, and their different occupations, room was found for a great variety of experiments, so that one district could be semi-socialist while another was thoroughly capitalist. This accounts for some of the chaos in which we live and it is also a part of our democracy. There has never been a single religion officially declared in America; there has never been a single political party completely dominating the country. Even in the twenties, when the victory of international finance and heavy industry seemed complete, some forms of collective enterprise flourished in the Middle West.

The habit of the American people is opposed to absolutes. We are probably as given to mass manias as any other people, but we have never attempted to destroy our minorities. We are now

going through some very uncomfortable phases of an economic war and bands of vigilantes are upon us; yet governors and mayors have declared that the police power will not be used to destroy the right of free speech and assembly. Our civil liberties are definitely endangered when powerful minorities bring pressure to bear on officials elected by the majority, but the basic principle that all men have to accept a single idea or a single way of living has so far made little headway in our country. Against the absolutism of Europe we have a kind of pluralism in America.

The middle class is the central factor in this pluralistic nation.

Communists are fond of referring to the "historical position" of the Proletarian class. The American reader who is not class-conscious, may wonder if there is a historical position for that vaguely defined middle class into which he is always being shoved. Without going into the far background of history, we can see that a great change has taken place in our own times.

Since 1890, or thereabouts, we have had three energetic political movements in America. The first came when William Jennings Bryan incorporated Populism into the Democratic platform. Populism rose in the Middle West and was

essentially a revolt of the farmer against the industrialist and the financier.

The second came when Theodore Roosevelt incorporated a good share of Bryanism and Populism into the Progressive movement and thereby elected a progressive reformer, Woodrow Wilson, to the Presidency. Modified Populism in Theodore Roosevelt and Woodrow Wilson was essentially a middle-class movement; it made its most powerful appeal to the middle-class ideals of fair play, honesty, antimonopoly, and an equal chance.

The third movement is the New Deal, which has placed more and more emphasis on the part of the population which is ill fed, ill clothed and ill housed, and which is therefore attacked as Proletarian in its sympathies and, consequently, opposed to the interests of the other two thirds.

The New Deal is also marked by a distinct endeavor to alter the relation between the government and the people.

The Populist assumed that the people were being prevented from passing those laws which they wanted. The Progressive also demanded new ways of making the popular will into law, and relied to a great extent on the impartial administration of law to break down the privileges of the few. The New Deal assumes that the complexities of modern existence require the central

government to act not only as umpire and regulator, but as protector, besides. It protects the impoverished farmer, the underpaid and powerless worker, the unemployed, and the unwary. Such an extension of the functions of government terrifies us, because we feel that these separate acts, these subsidies and special legislations, all tend to create permanent and powerful minority groups whose interests may never coalesce in the general welfare.

We have to consider, then, what it was, between the time of Woodrow Wilson and the time of Franklin Roosevelt, which could give rise to the New Deal. The most shocking way of putting the answer is that nothing happened and, because nothing happened, everything is happening now.

Prosperity killed Progressivism. We got the idea, all of us, that because there was a great deal of wealth in the country, we need not trouble ourselves about social experiments. Presently, we arrived at the notion that all experiments, all change, were a menace to our prosperity. A kind of social numbness came over the country. (Between 1924 and 1931 only six states ratified the Child Labor Amendment, which was no better and no worse then, than it was between 1933 and 1935 when eighteen states ratified.) The necessity for doing anything seemed to disappear when money was doing so well by us.

It was actually in this time that the ground-work was laid for the depression of the thirties, by the destruction of buying power below the level of the well-to-do—particularly among the farmers and the unorganized workers—and by the failure of concentrated capital to find anything useful to do with its savings.

But because the money was there, we felt that, in the end, it would prove the universal solvent of all ills. Economists assured us that we had arrived at permanent prosperity and our statesmen acted as if all the necessary laws were on the books and all of them were perfect. Against this smug prosperity nothing availed and the Democratic party was as undistinguished in opposition as the Republicans were in office. A profound lethargy overcame the middle class.

At the present time it seems to a great many people that the Executive branch of government is usurping power. It is actually picking up the power which Congress discarded between 1920 and 1930. *Power is a tool which must be used by those appointed to use it; when it is left lying around, someone else will pick it up.*

The years of prosperity, then, may turn out to be those in which the middle class abandoned its central position in American life; and the years which lie before us may see the real struggle for

power in America—which will not be a struggle between Communism and Fascism, but simply the struggle of the middle class to establish itself. Everything is in its favor. At home the progress of industry makes possible the kind of material civilization on which a middle class flourishes; abroad the war between Fascism and Communism exposes the weakness of each and may lead to the destruction of both. Even the passionate and sometimes ignorant patriotism of the American people is an advantage, because the system of government created over a century and a half ago is more easily adapted to the give and take of middle-class life than is any other.

Everything is in favor of the middle class *if* it is aware of what it wants and of its power to get what it wants.

The idea back of dictatorship is that in this form society reaches perfection and therefore cannot change. It is the idea of absolute monarchy over again; the absolute monarch was supposed to be appointed by God, and we have evidences of similar pretensions among the dictators. The idea of American democracy has been that even the best of administrations and the grandest of Grand Old Parties are not permanent. Against static dictatorship our tradition is for dynamic and changing democracy.

It is here that we find the grave failure of the middle class for several generations. It has not been experimental and progressive. It has tied itself to the institutions and the corporations and the individuals who tried to put an end to change in America. This was the meaning of Harding's "normalcy" as opposed to the "progressivism" of Theodore Roosevelt. This was the meaning of Hoover's lethargy as opposed to the energy of Franklin Roosevelt in 1932. And this is the meaning of every attempt to stratify society in America by insisting that we have prosperity with a small financial oligarchy at the top, a well-to-do middle class, and an actual majority of the population having but a small share in the wealth we possess and create.

The physical comfort of the middle class made any idea of change seem dangerous. Yet change is essential to the middle class. It is continually sending forth particularly energetic members into the upper brackets, not only of income but of prestige and political power; and it is perpetually recruiting itself by taking in the more fortunate or the more aggressive individuals who rise from poverty. The middle class cannot exist without constant increase. And it actually cannot exist unless it has some function to fulfill.

That function is perfectly apparent now. *It is the active creation of democracy.* We cannot lie back

and trust to others to defend either our physical comforts or our political rights—because no one else will defend them for us. Instead *we, who flourish on liberty and are destroyed when liberty is destroyed, must actually create more of it.* We have to expand the idea of what liberty means. For every place in which we have a technically guaranteed constitutional right we must go on to make sure that we have a practical right. We can create a press which is not only free from a Federal censorship, but free from the influence of banks and advertisers and religious organizations and other groups. By the vast and unperceived power we wield through the spending of our money, we can create a radio not intimidated by fears of political vengeance and not hamstrung by the timidity of sponsors. We can emancipate moving pictures from the ignorance and prejudice and financial insecurity which now make them so flighty and trivial.

We have guaranteed to us by the First Amendment to the Constitution the right "peaceably to assemble and to petition the government for a redress of grievances." That is as good an instance as any of the obligation which now rests on us to protect ourselves by exercising our freedom. It is a right which vast numbers of the American people have never exercised in the whole of their lives. They have not been conscious of grievances

or, if they have, they have not assembled to petition for redress. Because they have not, the few who have assembled have been dispersed and beaten or rendered ineffective. To be sure they were strikers or radicals or foreigners, and it did not matter to us that they were the only ones who exercised the right established by the native-born loyal Americans at Concord and Lexington. We let that privilege fall into their hands and rapped their knuckles when they grasped it.

Whenever that right has been denied, *it has been taken away from us*, and the only way to restore it is to use it. For solid citizens to march in public to their state capitols has become disreputable, because the solid citizens have preferred the backstairs method of lobbying. The practice of assembling, and sending deputations, needs to be revived. The "police power" to disperse assemblies—for the sake of public order—will be checked as soon as responsible citizens assemble often enough.

Our right to free speech still remains officially intact, but again, it is a right not publicly exercised except by minorities. We hold in contempt the spell-binder, the man standing on a soapbox at a street corner—although it was for them that the patriots fought in the Revolution. Our own right to free speech is abridged by the fear of losing our jobs. It is also corrupted by a kind of

snobbery. We don't want to be associated with the kind of people who shout themselves hoarse at street corners, the fanatics and evangelists. We are not disgruntled. We are not radicals. And although we have far more wealth and position and power to lose than they have, we make no protest.

This, again, can be put down to that sense of futility which is overcoming the middle class; and the middle class can get back its feeling of usefulness only by starting again to exercise its rights. For the real use of the middle class is to establish the democratic state. It is an experiment. Seriously speaking, it is the only experiment which has never been tried.

A BUDGET FOR CITIZENS

(The following is a sample budget; the figures in parenthesis are my estimates of my own losses. They are based on the best available estimates of the total loss—which I have divided by 30 millions, the number of families in the United States. After putting in your own estimates, stop to consider that if you had gained or saved so much in ten years, someone could probably have figured out a new way of taking it away from you.)

If the pork barrel in Congress had never existed, your ten-year saving would be (\$250) \$. .

If you had never been obliged to buy cheap things (because you lacked cash to buy good ones) your saving would be (\$250) \$. . .

If all sickness and accident due to neglect, bad management and greed had been avoided, your saving would be (\$150) \$. . .

If racketeering and crime were reduced to British levels, or even by one half, your saving in ten years would be (\$1,500) \$. . .

If motor thefts, and motor accidents were reduced by 50 per cent, your saving on insurance in ten years would be (\$750) \$. . .

If the wastage of natural resources were reduced 50 per cent, if flood control were 50 per cent efficient, if farms were efficiently utilized, your ten-year saving would be (\$500) \$. . .

- If your gas and electric light and telephone bills were 10 per cent less, your ten-year saving would be (\$125) \$. . .
- If you have been spared the experiments of Insull, Van Sweringen, and a thousand other financial geniuses, your saving would be (\$50) \$. . .
- If the income tax had been accepted when first proposed, and had stopped its loopholes at the start, your share of the gain in the national treasury would be (\$1,000) \$. . .
- If we had avoided the depression, your gain would be (\$1,500) \$. . .
- If half of the commodities you buy had been 10 per cent more honestly made, your ten-year gain would be (\$1,000) \$. . .
- If your car actually made the advertised number of miles per gallon, your ten-year saving would be (\$100) \$. . .

Information, Please!

You are being bombarded by propaganda, and it would seem superfluous to ask for more of it. But the mere fact that things are published does not make them effective; some things are published more often, more emphatically, than others. You may find it easy to join the vigilantes and hard to find the headquarters of the cooperative movement.

Fortunately for you, nearly every organization for social action publishes a pamphlet or two. And the Office of Education of the United States Department of the Interior has issued an index to these pamphlets. There are over 650 of them; the publishers represent all shades of political opinion—university presses, religious foundations, chambers of commerce, banks, and the like. Thirty-four general subjects are covered, substantially all the problems facing the citizen today. For ten cents you can get this Public Affairs Pamphlet from the Superintendent of Docu-

ments in Washington. The names and addresses of the publishing organizations are given; and from them you will be able to get a direct approach to any information and any action you desire.

Like all political enterprises, these pamphlets have to be sniffed cautiously. Many of them are direct propaganda; luckily, there are others which are factual and present fairly the arguments which they wish to refute. The pamphlets, moreover, will lead to other sources of information, books and magazine articles, and organizations of publicity. In a little time, you will be able to judge for yourself.

As for "joining," that is a matter of temperament and of pressure. After reading the chapter called *Must we Organize?*, the reader will correctly assume that I am not a joiner. I prefer to disperse my activities, at the risk of losing effectiveness—it preserves freedom of action. So my general advice is to join as many organizations as you approve of, and not sign up with any exclusive group.

PLACE
STAMP
HERE

MR. GILBERT SELDES

% Whittlesey House

McGRAW-HILL BOOK COMPANY, INC.

330 WEST 42ND STREET

NEW YORK, N. Y.

Dear Mr. Seldes:

I have read *Your Money and Your Life*, and this is what I think about it:

I agree with you about Chapters.....

I completely disagree with you about Chapters.....

I wish you had given more information on.....

Name.....

Address.....

(Remain anonymous if you prefer; the author will be glad to know your opinion either way.)

Printed in U.S.A. 1078



"Nine-tenths of the t
America is against the i
ninety per cent of the
people," Mr. Seldes declar

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Excerpts from

Your Money and Your Life

by GILBERT SELDES

“Our money and our lives are the stakes for which the great political game is being played.”

“Both your money and your life are being taken away from you; your pocketbook and your peace of mind are being attacked; and the most important and exciting thing for you to do is to defend yourself.”

“Unless we—you and I—pay as much attention to public affairs as we do to our private affairs, the time is swiftly coming when our private affairs will cease to exist.”

“You are the ultimate source of all invested money and, therefore, you have the ultimate power to decide how that money should be used.”

“The organized laborer does not want to destroy the profit system, he wants to profit by it.”

“Opposed to the democratic system are two types of dictatorship which are in the process of building; if we stop building democracy, they will easily defeat us.”

“The Fascist alternative to private industry, run for the ultimate comfort of the people, is state industry run for the purposes of war.”

“We have to face the possibility that we will vote ourselves into a dictatorship.”

“Power is a tool which must be used by those appointed to use it; when it is left lying around, someone else will pick it up.”

“The hardest and most practical maxim of the middle class is that to save itself it must protect its enemies.”

“We who flourish on liberty and are destroyed when liberty is destroyed, must actually create more of it.”